



ALASKA ECONOMIC
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ON THE COVER: White crowned sparrow's nest at Denali National Park and Preserve
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Unions are the foundation of the middle class



Heidi Drygas
Commissioner



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In the recent *Janus vs. AFSCME* decision, a narrow majority on the Supreme Court took away states' ability to require non-union public employees to pay "fair share" dues in exchange for the benefits of collective bargaining. As a result, the court has enacted a "right to work for less" policy for public employees across the country, forcing unions to represent free riders who pay nothing but receive union benefits. The goal of *Janus* is clear and simple: bust unions, which have long been the foundation of America's middle class.

Since 1979, private sector union membership has fallen from 34 percent to 11 percent. A recent Washington University study found this decline cut the average non-college-educated man's wages by \$3,016 annually (-8 percent). Here's another way of measuring unions' impact on wages: Average hourly wages in states that support collective bargaining are 15.8 percent higher than in states with "right to work for less" laws, according to the Economic Policy Institute. When "right to work for less" laws weaken collective bargaining, all of a state's workers suffer from lower wages and reduced benefits. Why? It's simple — unions raise wages and improve working conditions for *all* workers, not just union members.

The socioeconomic impact of unions is beyond question. The gender wage gap is nearly twice as wide in "right to work for less" states than in states that support collective bargaining. Female union members earn more than \$200 more per week than unrepresented female workers. The impact of unions on intergenerational mobility is also clear. One Economic Policy Study found that children of non-college-educated fathers earn 28 percent more if their father was in a labor union.

Unions don't just help workers advance to the middle class — they reduce income inequality. Conversely, union busting has accelerated income inequality and the lack of socioeconomic mobility. At the national

level, inequality is as bad today as it was in the early 20th century. Recognition of the importance of unions in combatting inequality is growing, as prominent economists and the International Monetary Fund have identified a decline in union membership as a key driver in rising inequality.

Former Treasury Secretary Larry Summers put it this way: "The most important factor [forcing down wages] is that employers have gained bargaining power over wages while workers have lost it." Summers also noted that unions could be part of the solution, because they "win higher wages, better working conditions, and more protection from unjust employer treatment for their members." The decline of unions is a primary cause of the slow death of the American dream, and we must enact policies to restore the strength of unions and revitalize the middle class.

Fortunately, unions are stronger in Alaska today than in most states. Our union participation rate is 18 percent, the fourth-highest in the country. Our strong unions are a primary reason Alaska has some of the highest wages and lowest income inequality in the country. And as many Alaskans know, unions are important not only for income security but also for retirement. Many union members enjoy the security of a defined-benefit pension, which is all too rare in the rest of the country.

Given the clear public policy benefits of unions, our elected leaders should enact legislation to support them and institute other policies that raise wages and improve economic security. We face a clear choice in Alaska: We can neglect workers' rights and let our middle class suffer a slow death like we've seen in the Lower 48, or we can restore it by supporting unions and enacting policies that support working families. I know what side of history I want to be on.

Why home prices haven't dropped during recession

Range of factors likely keeping market stable, rising in some areas

By **ROB KREIGER**

Since Alaska entered a recession in late 2015, prices for single-family homes have remained relatively stable overall and have even continued rising in more populated areas.

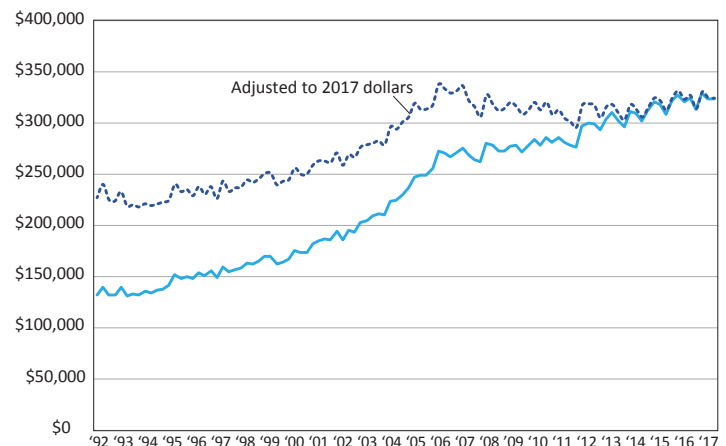
That the economic downturn hasn't dragged down the housing market may seem counterintuitive, raising questions about why prices haven't dropped and if they still could. But average sales prices for single-family homes didn't move much in the years right before the recession, either. This suggests the housing market will weather the downturn relatively unscathed. (See exhibits 1 and 2.)

Alaska's steady home values are likely due to migration patterns, controlled building, low interest rates, measured selling and buying, and the fact that a portion of the recession-related job loss has been among nonresidents who don't own homes in Alaska. Unless these variables change significantly, the market will likely remain stable in the near future.

Measured net migration losses

Last year was the fifth consecutive year of negative net migration for Alaska, meaning more people left the state than moved in. No period of negative net migration has lasted this long since World War II.

1 Average Price for Single-Family House ALASKA, BY QUARTER, 1992 TO 2017



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

However, the loss has been much more measured than during the 1980s recession, when people fled the state en masse and the housing market crashed. (See Exhibit 1 in the population article on page 9 for a look at Alaska's population trends by major economic event.)

At this point, nothing suggests we're setting up for a repeat of the '80s. In fact, several factors appear to be mitigating the current outflow.

Displaced resident workers have largely been able to find more work in the state. An analysis of resident

workers who earned a majority of their 2015 wages in oil and gas, the industry with the deepest job losses, showed 84 percent are still in Alaska and still working, and of those, just over 60 percent are still in oil and gas. Just 7 percent had left Alaska by 2017. A majority of displaced workers from construction and state government, the hardest-hit industries after oil and gas, are also still working in the state. (See Exhibit 3.)

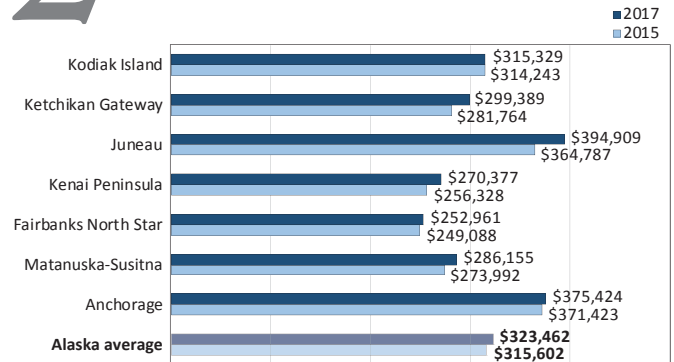
It appears the worst of the job loss has already happened. The biggest declines were in 2016, when employment was down as much as 2.5 percent from year-ago levels. Since then, the losses have slowed and have been well below 1 percent in 2018.

Another major reason people aren't fleeing is the population is older than in past decades and people have deeper roots in the state. Seniors are far less likely to move than younger age groups. Again, for historical context, Alaska's population was much younger decades ago and, on average, had shallower connections to Alaska. Many moved here to participate in the oil boom and then quickly left when the economy turned. (See Exhibit 4.) That's in contrast to the last few years of slow net migration losses, which weren't preceded by a big surge in in-migration.

The senior population is larger than it's ever been and growing rapidly, although seniors remain a smaller percentage of the population in Alaska than nationwide. (See the population projections overview on page 9 for more on the aging trend.) Alaska's senior population is largely those who have aged into the group rather than moved to Alaska in their later years.

2 Prices Up Since 2015

AVERAGE HOUSE PRICE, 2015 AND 2017



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

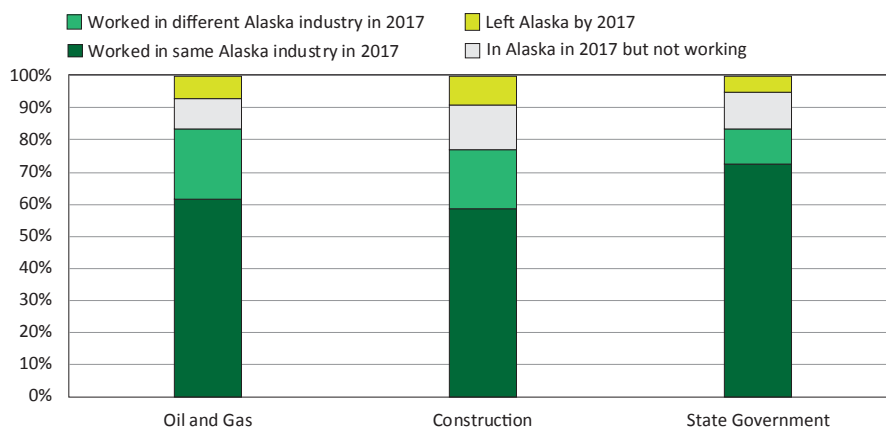
Nonresident job losses unlikely to affect home values

Thousands of people come to Alaska every year to work while keeping their primary residence elsewhere, and industries such as seafood processing and those tied to tourism couldn't function at their current scale without nonresidents. The nonresident numbers and percentages vary by industry, but the overall rate has hovered around 20 percent in recent years.

Oil and gas extraction and oilfield services, which have shed the most jobs during this recession, have nonresi-

3 Where 2015 Workers Showed Up in 2017

INDUSTRIES HARDEST-HIT BY STATE RECESSION

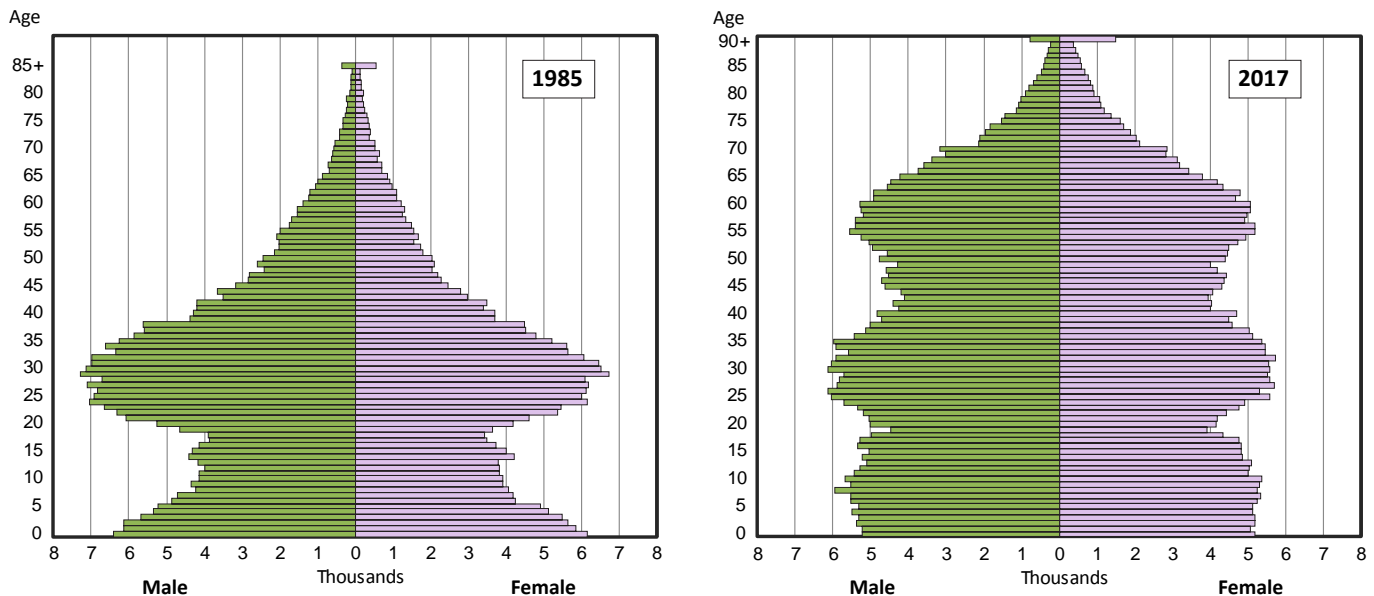


Note: Resident workers only

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

4 State Now Has an Older and More Rooted Population

ALASKA, 1985 AND 2017



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

5 Nonresident Workers and Wages

BY INDUSTRY, 2015

Industry	Percent nonresident	Percent Nonres wages
Agriculture, Forestry, Fishing, and Hunting	54.0%	50.2%
Mining	35.5%	33.3%
Oil and Gas Extraction	29.5%	27.8%
Oilfield Services*	38.8%	38.4%
Utilities	5.1%	3.3%
Construction	22.1%	16.3%
Manufacturing	63.2%	45.7%
Seafood Processing	73.6%	64.6%
Wholesale Trade	9.7%	6.4%
Retail Trade	16.5%	8.8%
Transportation and Warehousing	26.3%	23.6%
Information	10.1%	6.9%
Finance and Insurance	8.2%	4.2%
Real Estate and Rental and Leasing	11.8%	7.7%
Professional, Scientific and Technical Services	24.0%	22.2%
Management of Companies and Enterprises	20.0%	14.9%
Admin Support/Waste Mgmt and Remediation	23.9%	18.6%
Educational Services	22.6%	10.8%
Health Care and Social Assistance	10.7%	8.2%
Arts, Entertainment and Recreation	32.6%	23.9%
Accommodation and Food Services	31.6%	21.8%
Accommodation	47.3%	32.4%
Food Services and Drinking Places	24.9%	16.8%
Other Services	14.5%	9.5%
Local Government	7.1%	4.1%
State Government	6.9%	3.6%
Alaska average	21.3%	16.0%

*Includes support activities for oil and gas drilling and related operations.

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

dent hire rates well above the state average at 29.5 percent and 38.8 percent, respectively. (See Exhibit 5.) This suggests a significant number of people who lost their jobs in Alaska didn't own homes here, which wouldn't affect home sales.

No signs of overheated residential building

When the national housing market collapsed in the mid-to-late 2000s, Alaska was largely shielded. The state had tighter lending practices and lacked frenzied real estate speculation in the form of buying and selling properties for short-term profit ("flipping") and overheated development based on overestimated demand.

Although Alaska's average sales prices and building activity did rise in the years that preceded the U.S. crash, the increase was subdued and likely driven by declining interest rates, which allowed more buyers to enter the market.

Alaska's building and sales price data show no signs of impending market calamity. The lack of warning signs such as short-term spikes in prices and building activity make a sudden downward shift increasingly unlikely. (See Exhibit 6.)

Low interest rates boost affordability

Low interest rates have helped keep sales prices steady during the recession despite no real wage growth and lower sales volume. Rates have held around 4 percent for the last five years (see Exhibit 7), keeping housing around its most affordable levels since 1993.

The Alaska Housing Affordability Index, shown in Exhibit 8, identifies how many people, earning average wages, would be required to afford a 30-year mortgage on an area's average home at current interest rates. An index value of 1.0 means exactly one average earner could afford the average mortgage, and decreasing index values mean housing is becoming more affordable.

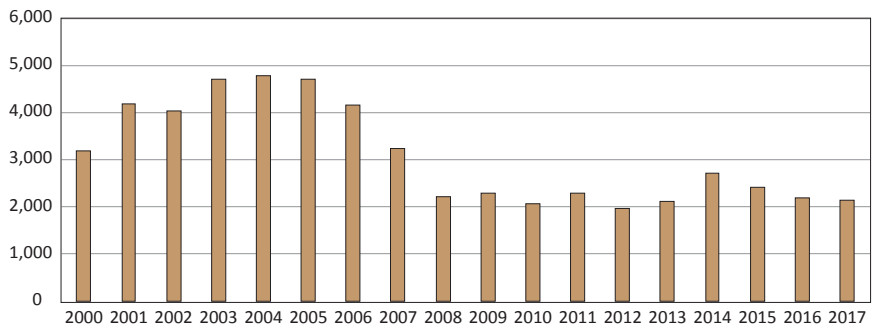
Overall, housing has become considerably more affordable since the late 2000s, a trend that will change as interest rates climb.

Foreclosures remain low

Affordability is closely related to the number of

6 No Recent Run-Up in New Housing Units

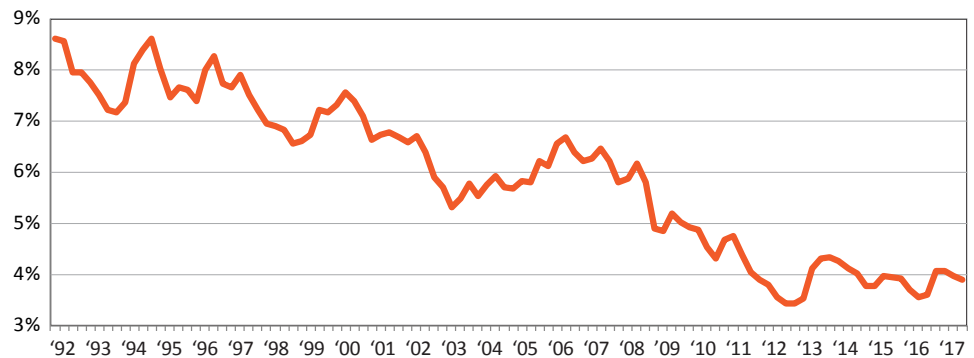
ALASKA, 2000 TO 2017



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

7 Interest Rates Remain Historically Low

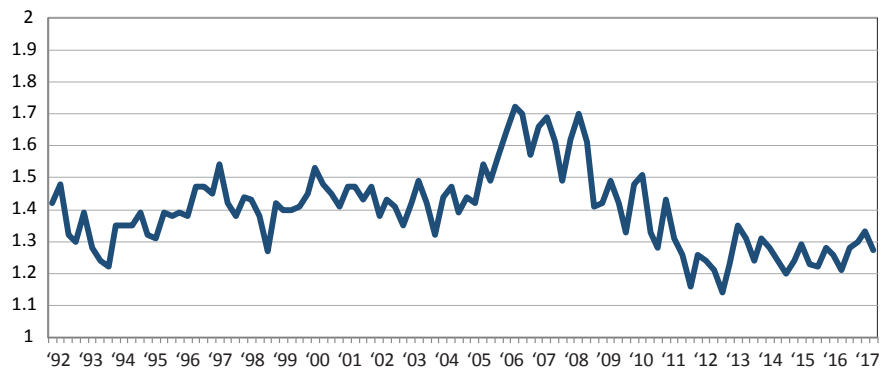
FIRST QUARTER 1992 TO FOURTH QUARTER 2017



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

8 Earners Needed to Afford Average Mortgage

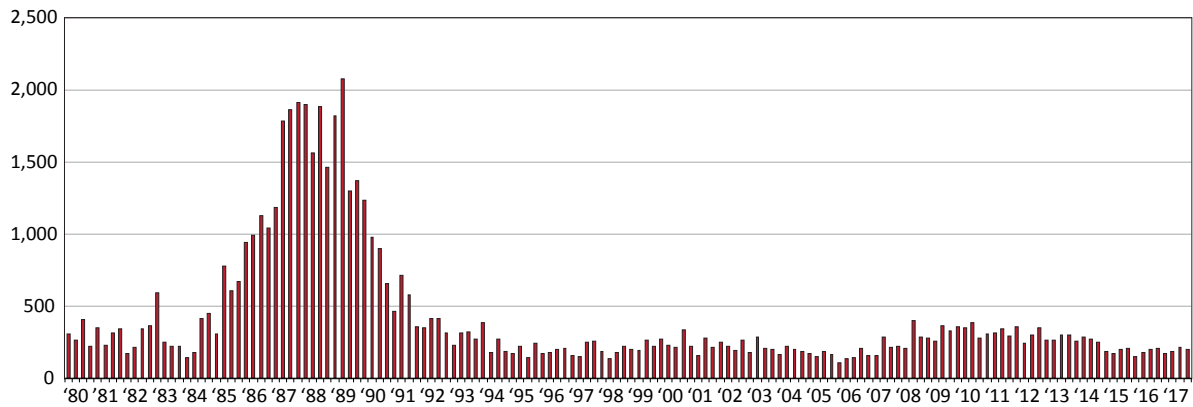
ALASKA, FIRST QUARTER 1992 TO FOURTH QUARTER 2017



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

9 Alaska's Home Foreclosures Remain Low

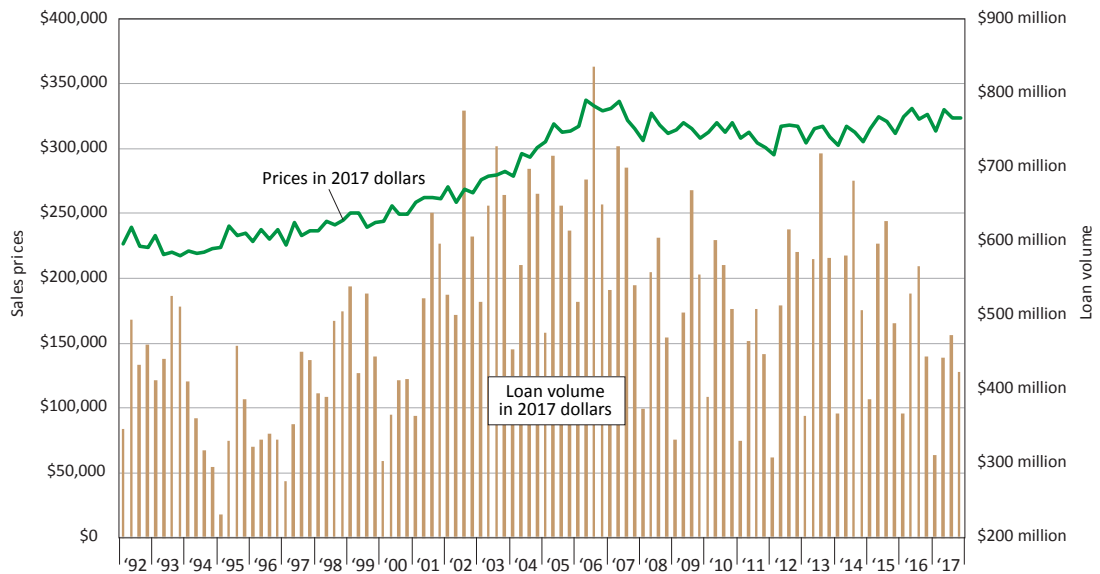
1980 TO 2017



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

10 Loan Volume Down But Single-Family Prices Steady

ALASKA, INFLATION-ADJUSTED, FIRST QUARTER 1992 TO FOURTH QUARTER 2017



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

foreclosures. When people take on more house than they can afford, circumstances such as job loss can lead them to miss mortgage payments, making foreclosure more likely. On a large scale, as more people lose their homes, prices fall not just from increasing inventory but also from a lack of confidence in the market.

That happened in the mid-1980s, when foreclosures rose sharply with the oil bust, and in the late 2000s on a much smaller scale as the nation suffered a deep recession that briefly brushed Alaska. Aside from that

small bump in the late 2000s, Alaska's foreclosures have remained low since 1992 and the last five years show no signs of increase. (See Exhibit 9.)

Some buyers, sellers may wait

Buyers and sellers moving at a more restrained pace can also stabilize prices. The last few years have been

Continued on page 13

POPULATION PROJECTIONS

2017 to 2045

New release projects Alaska will add 100,000 people by 2045

By **EDDIE HUNSINGER**

Alaska's total population has changed little over the last four years. While the state has continued to grow modestly through natural increase — births minus deaths — more people have left the state than arrived each year. This has kept the total population between 735,000 and 740,000 since 2013.

In the long term, we project the state will add about 100,000 people to its population by 2045 through a combination of natural increase partly offset by small net migration losses.

Every two years, we provide a new set of population projections, summarized here and available at <http://live.laborstats.alaska.gov/pop/projections.cfm>.

The projections detail Alaska's population patterns for the next few decades based on recent history for migration, birth and death rates, and age structure.

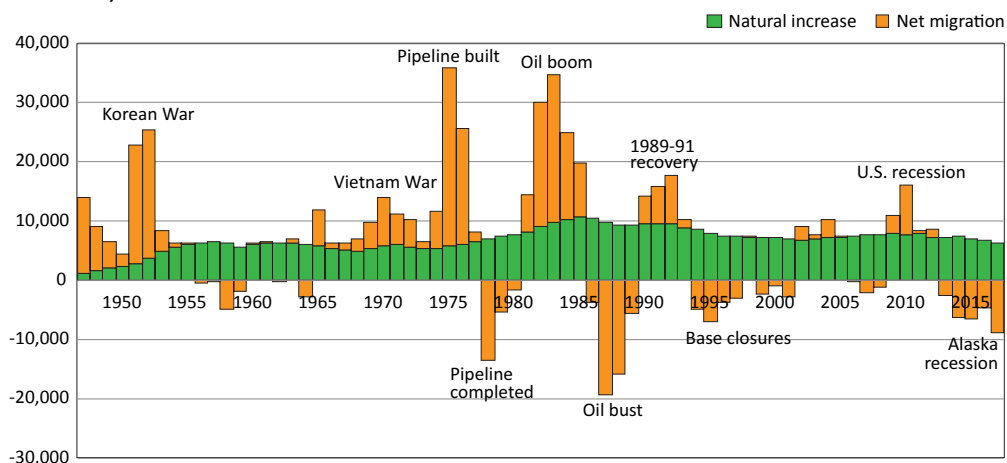
While the future is always uncertain and the projections change with each release, they offer our best and most current insights into Alaska's population trends. We also learn critical things from each release, especially about the effects of aging on the future population.

Net migration losses to continue but at slower pace

The economy in the Lower 48 is strong and Alaska is in its third year of employment losses, a combination

1 Population Patterns and Major Economic Events

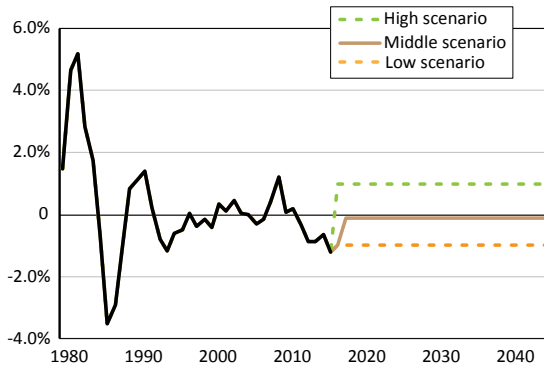
ALASKA, 1947 TO 2017



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

2 Net Migration Over Time

ALASKA, 1980 TO 2045



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

that has undoubtedly contributed to several years of net migration losses, meaning more people have left the state than arrived. (See Exhibit 1.)

Recent estimates indicate the state's employment losses are ongoing, so we project another year of significant net migration loss at a rate of -1.0 percent. Thereafter, we project the rate will slow to -0.1 percent per year for our middle, or baseline, scenario, based on the historical rate from 1990 to 2017. (See Exhibit 2.) Through 2045, that rate combined with the projected birth and death rates would produce roughly 14 percent growth in the total population.

Because migration is the most uncertain component of population change, we included high and low scenarios of +1.0 percent and -1.0 percent. The middle scenario is the most reliable, while the high and low scenarios show the major effects that a persistent change in the state's net migration level could have. (See Exhibit 3.)

If the history of Alaska and other states are any indication, persistently negative net migration is unlikely. A number of states' net migration has been +1 percent or more of their total population in recent decades (such as Nevada, Arizona, Washington, and Colorado), but none has stayed at -1 percent or less per year for the long term.

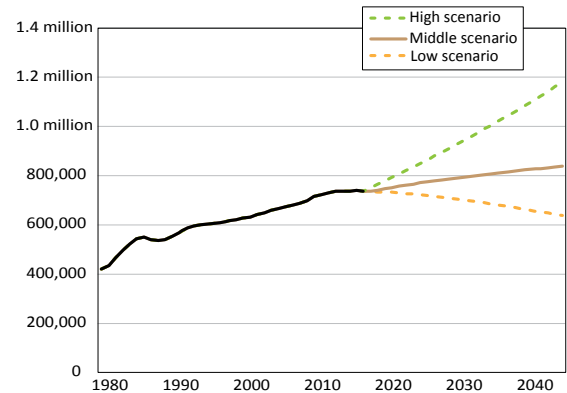
West Virginia was the only state to lose population between 1980 and 2010, declining from 1.95 million to 1.85 million.

Population gain, but slower as deaths increase faster than births

While the state will likely grow in the coming decades,

3 Alaska's Total Population

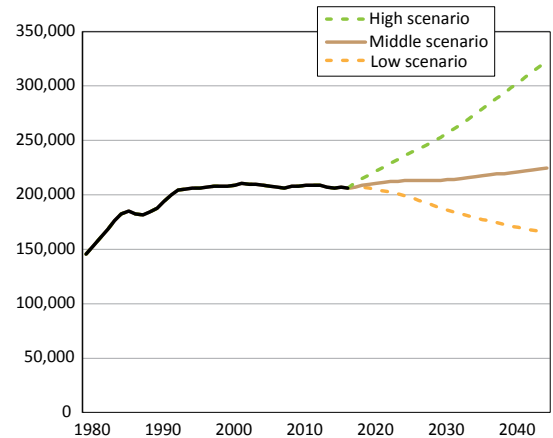
HISTORICAL AND PROJECTED, 1980 TO 2045



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

4 Young People Over Time

AGES 0 TO 19, ALASKA, 1980 TO 2045



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

the projections suggest it will be slower than in the past. Population aging and the related slowdown in natural increase as deaths increase more than births will be the cause, however, rather than migration.

Trends in fertility rates and the number of people in their childbearing ages have kept Alaska's birth rates steady in recent decades, at between 9,000 and 11,500 births each year. The middle scenario projects births will increase somewhat through 2045 but not surpass 12,000 per year.

While mortality *rates* have decreased over time, the number of deaths has increased significantly due to population size and aging. Twenty years ago, Alaska

had around 2,500 deaths per year. That grew to more than 4,500 in 2017, and we project annual deaths will reach 8,000 by 2045.

Under-20 population could grow for the first time in decades

Alaska’s 0-to-19-year-old population has been remarkably flat for the last couple of decades, but we project a total increase of about 3 percent through 2030 and 9 percent through 2045.

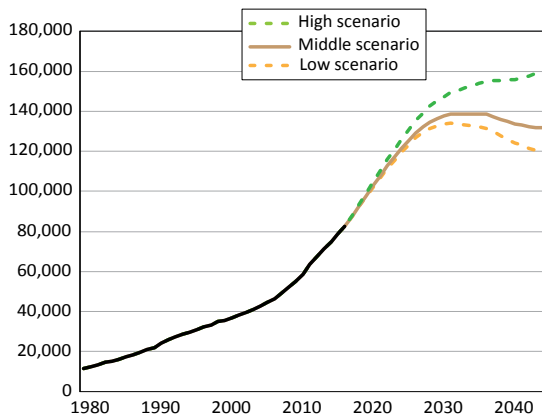
The size of this population is susceptible to changes in fertility rates as well as migration and aging, but unless fertility rates fall further than projected or net migration losses over time are significant, this age group will start to grow. (See Exhibit 4.)

Continued decline projected for working ages of 20 to 64

Unless net migration turns significantly positive over the next 10 years, Alaska’s 20-to-64-year-old population will remain flat or drop for the next decade due to aging. (See Exhibit 5.)

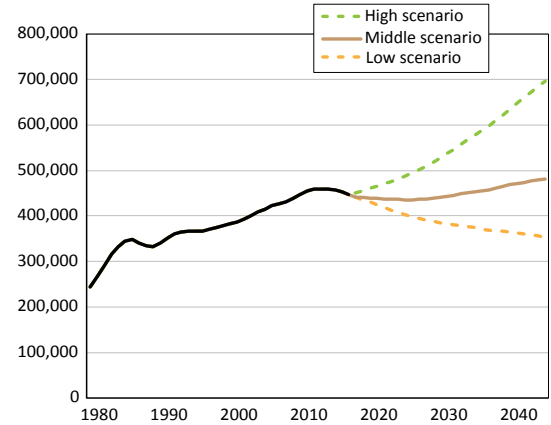
Alaska’s large population of baby boomers — born between 1946 and 1964 — are aging out of this group, subtracting from it each year. While young people are also aging into the group each year and new migrants are adding to it, the combination of those moving away and aging out is a bit larger. This will continue for the next decade.

6 Big Increase for Ages 65+ ALASKA, 1980 TO 2045



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

5 'Working Ages' Over Time AGES 20 TO 64, ALASKA, 1980 TO 2045



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

65-plus group to continue rapid growth through 2035

Alaska’s large cohort of aging baby boomers ensures strong growth for Alaska’s senior population. While the future younger population is highly uncertain because of its sensitivity to shifts in migration rates, older people tend to move less.

Alaska’s 65+ population will increase rapidly through 2030 and is projected to peak at nearly 140,000 around 2035 — a 68 percent increase from 2017.

The senior share of Alaska’s population will also grow, but seniors will probably remain a smaller percentage of the population than they are nationally. Seniors are projected to reach 17 percent of Alaska’s population by 2045 and unlikely to surpass the projected national peak of 22 percent.

Toward the end of the projection period, all baby boomers will be well into this age group and the increase will likely end. (See Exhibit 6.)

Alaska Native population to grow and increase as share of total

We project the Alaska Native population will steadily increase and surpass 180,000 by 2045, an addition of more than 30,000 people. The Alaska Native share of the state’s population is projected to increase slightly too, from 20 percent to 22 percent, but that largely depends on the state’s overall population increase. As with the state as a whole, the Alaska Native popula-

7 Alaska's Population by Area

2017 TO 2045

	July 1, 2017 Estimate	July 1, 2020 Projection	July 1, 2025 Projection	July 1, 2030 Projection	July 1, 2035 Projection	July 1, 2040 Projection	July 1, 2045 Projection
Alaska	737,080	746,582	770,392	790,777	808,367	823,771	837,806
Anchorage/Mat-Su Region	401,649	410,188	428,666	445,375	460,359	473,754	485,669
Anchorage, Municipality	297,483	299,970	306,518	311,237	314,438	316,577	318,169
Matanuska-Susitna Borough	104,166	110,218	122,148	134,138	145,921	157,177	167,500
Gulf Coast Region	80,698	80,793	81,921	82,571	82,817	82,765	82,521
Kenai Peninsula Borough	58,024	58,696	60,412	61,702	62,586	63,147	63,472
Kodiak Island Borough	13,287	13,010	12,747	12,444	12,132	11,824	11,549
Valdez-Cordova Census Area	9,387	9,087	8,762	8,425	8,099	7,794	7,500
Interior Region	111,911	112,579	115,009	116,662	117,802	118,642	119,559
Denali Borough	1,849	1,854	1,890	1,912	1,916	1,909	1,906
Fairbanks North Star Borough	97,738	98,555	101,069	102,866	104,172	105,141	106,121
Southeast Fairbanks Census Area	6,973	6,976	7,055	7,087	7,103	7,134	7,186
Yukon-Koyukuk Census Area	5,351	5,194	4,995	4,797	4,611	4,458	4,346
Northern Region	27,705	27,902	28,476	29,144	29,918	30,810	31,852
Nome Census Area	10,006	10,038	10,234	10,474	10,745	11,076	11,462
North Slope Borough	9,849	10,033	10,314	10,632	10,997	11,392	11,819
Northwest Arctic Borough	7,850	7,831	7,928	8,038	8,176	8,342	8,571
Southeast Region	72,915	72,363	72,316	71,776	70,847	69,565	68,010
Haines Borough	2,459	2,391	2,341	2,269	2,177	2,065	1,930
Hoonah-Angoon Census Area	2,122	2,035	1,969	1,882	1,787	1,681	1,570
Juneau, City and Borough	32,269	32,242	32,554	32,640	32,531	32,240	31,783
Ketchikan Gateway Borough	13,754	13,620	13,561	13,418	13,186	12,919	12,607
Petersburg Borough	3,147	3,106	3,038	2,940	2,833	2,720	2,605
Prince of Wales-Hyder Census Area	6,390	6,369	6,366	6,340	6,305	6,240	6,170
Sitka, City and Borough	8,748	8,609	8,489	8,312	8,092	7,829	7,530
Skagway Borough, Municipality	1,087	1,116	1,185	1,249	1,302	1,332	1,364
Wrangell, City and Borough	2,387	2,354	2,330	2,280	2,223	2,166	2,104
Yakutat, City and Borough	552	521	483	446	411	373	347
Southwest Region	42,202	42,757	44,004	45,249	46,624	48,235	50,195
Aleutians East Borough	2,977	2,944	2,895	2,844	2,791	2,731	2,673
Aleutians West Census Area	5,357	5,334	5,272	5,201	5,123	5,029	4,922
Bethel Census Area	18,127	18,452	19,183	19,950	20,790	21,772	22,924
Bristol Bay Borough	887	857	816	775	738	692	651
Dillingham Census Area	4,925	4,894	4,934	4,967	5,036	5,140	5,286
Kusilvak Census Area	8,208	8,525	9,069	9,601	10,162	10,815	11,599
Lake and Peninsula Borough	1,721	1,751	1,835	1,911	1,984	2,056	2,140

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

tion 65 and older is projected to grow rapidly, from 8 percent to 12 percent of all Alaska Natives.

Projected change across the state

Anchorage

We project Anchorage will add just over 20,000 people — a 7 percent increase — between 2017 and 2045.

(See Exhibit 7).

Each area's net migration projection is based on its historical data. The last four years of net migration losses pulled Anchorage's projected population down some from previous releases, affecting both the starting population for this release and the projected net migration, but we used migration data back to 2000 to develop the projection.

Matanuska-Susitna

For the Matanuska-Susitna Borough, we used the last 10 years of data to develop its migration projection, which shows significant growth. Mat-Su will add nearly 65,000 people through 2045: a 61 percent increase. While that's somewhat lower than the last projections, Mat-Su will remain the fastest growing part of the state.

Fairbanks North Star

Fairbanks North Star Borough will add a projected 8,400 people from 2017 to 2045. As with Anchorage and Mat-Su, that's lower than past projections due to five years of negative net migration. To project Fairbanks' net migration, we used migration data from 2000 to 2017, a period that had ups and downs.

For the Interior Region as a whole, we project an increase of 7,600 people (7 percent) over the period, all attributable to the Fairbanks North Star Borough.

Northern and Southwest

The Northern and Southwest regions are younger and have higher birth rates and lower death rates than the rest of the state. We project this will continue, and while age structure alone would suffice for growth, this trend will be compounded by high fertility rates.

These regions are the fastest growing in Alaska after Mat-Su. The projections show nearly 15 percent growth for the Northern Region between 2017 and 2045, and nearly 19 percent for Southwest.

Southeast and Gulf Coast

The Southeast and Gulf Coast regions are the oldest, with less projected growth through natural increase.

We project long-term net growth of about 2,000 people for Gulf Coast. Kenai Peninsula Borough is expected to grow by about 5,000, which will more than compensate for projected losses in the Kodiak Island Borough and Valdez-Cordova Census Area.

Southeast's total population is projected to drop by approximately 5,000, to just over 68,000 people. Juneau's total population is projected to remain flat, decreasing by just 500 over several decades.

Even when the total population changes little, though, a great deal of turnover continues beneath the surface. That information and more is available in the full report, which includes a new appendix that reviews the 2007 projections in light of what's happened since.

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HOUSE PRICES

Continued from page 8

marked by less competitive bidding, fewer buyers, and lower sales volume — but less activity hasn't pushed sales prices down. (See Exhibit 10.)

Even though homes have become more affordable, down payments and mortgage insurance premiums can still be barriers to home ownership. Consider that a 20 percent down payment (which is generally required to avoid paying mortgage insurance) for an average priced home toward the end of 2017 would have been almost \$65,000. Even if housing demand is strong and interest rates are low, that's a difficult amount for many to pay up front. As a result, some potential buyers are probably on the sidelines, putting away money and watching the market.

Muted selling can offset less buying, and some sellers may also be sitting on the sidelines, holding on to their property with the intent to sell when the market is most favorable. Homes are still hitting the market and often still selling quickly, although it varies considerably by area and even by neighborhood. The difference is that a home easily sold for asking price now might have had multiple competing buyers a few years ago and bidding would have driven up the final price considerably.

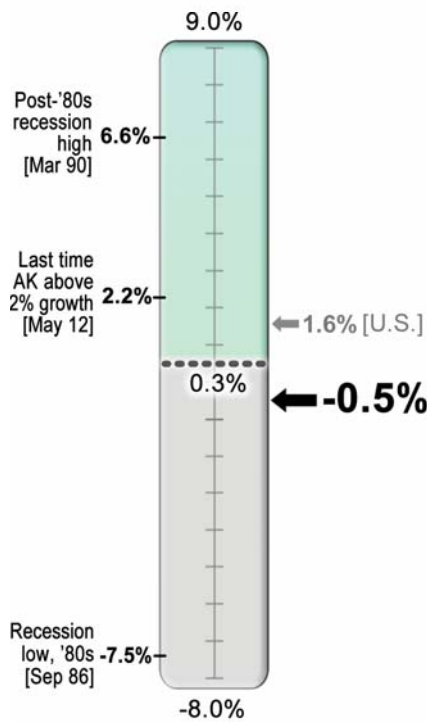
Rob Kreiger is an economist in Juneau. Reach him at (907) 465-6031 or rob.kreiger@alaska.gov.

Gauging Alaska's Economy



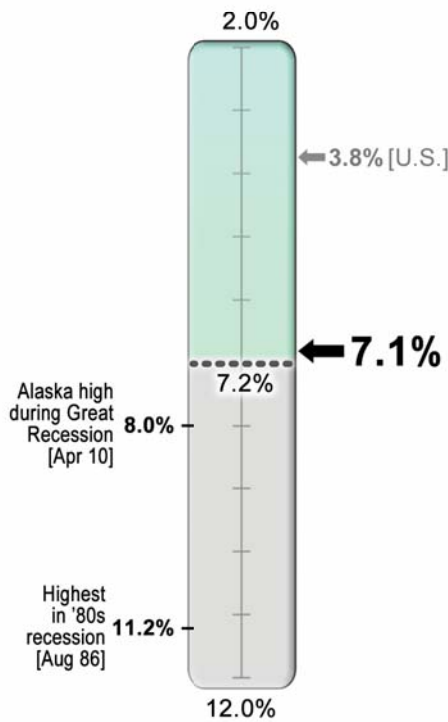
Job Growth

June 2018
Over-the-year percent change



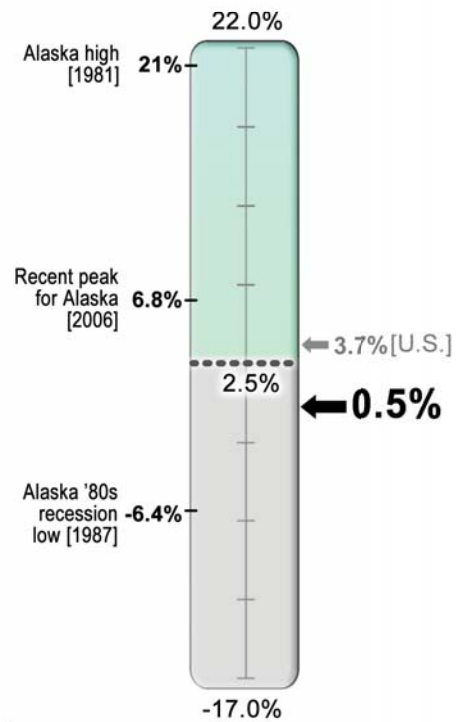
Unemployment Rate

June 2018
Seasonally adjusted



Wage Growth

4th Quarter 2017
Over-the-year percent change



- June was the 33rd consecutive month Alaska has recorded job losses.
- Alaska had 25 consecutive months of job losses during the state's 1980s recession, although the magnitude of the losses in the '80s was much larger as a percentage of total jobs.
- Job losses during the current recession were at their worst from September 2015 to September 2016 (-2.5 percent).

- Alaska's rate is the highest in the nation but is slightly below its 10-year average.
- Unemployment rates are more complicated as an economic indicator than job growth, although most of the time high rates signal economic weakness.
- In the short term, unemployment rates can rise because a state is especially attractive to job seekers (a positive) or fall because people have given up on looking for work (a negative).

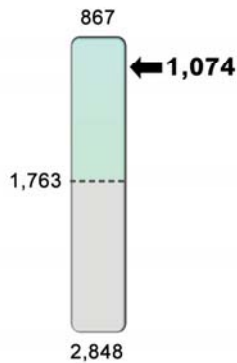
- Wage growth or decline is one of the most basic and useful measures of overall economic health.
- Resumed and sustained wage growth, when it occurs, will be one of the best indicators that Alaska's recession has ended.
- Alaska is still losing ground on wages, but the losses are getting smaller.

Gauging Alaska's Economy

----- ALASKA'S 10-YR AVERAGE
 ← CURRENT ALASKA

Initial Claims

Unemployment, week ending July 7, 2018†

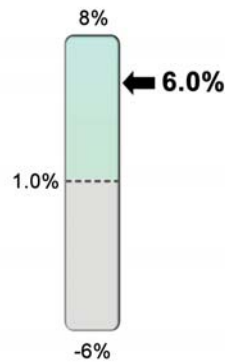


➤ For a variety of reasons, initial claims are well below the 10-year average despite job losses.

† Four-week moving average ending with the specified week

GDP Growth

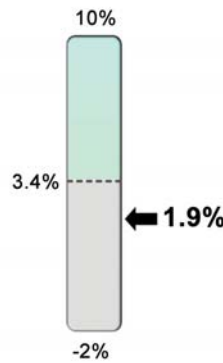
4th Quarter 2017
Over-the-year percent change



➤ Gross domestic product is the market value of all goods and services. It's promising for economic recovery that growth has been positive for three consecutive quarters after declining for the previous 17 consecutive quarters.

Personal Income Growth

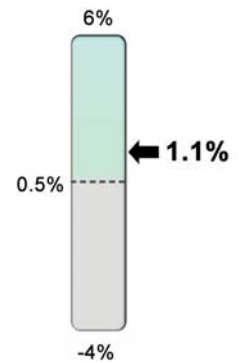
4th Quarter 2017
Over-the-year percent change



➤ Personal income includes wages as well as government transfer payments (such as Social Security, Medicaid, and the PFD) and investment income.

Change in Home Prices

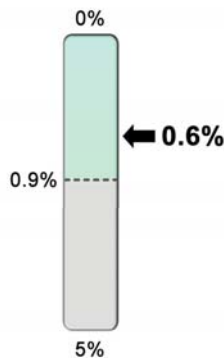
1st Quarter 2018
4-quarter moving average



➤ Home prices include only those for which a commercial loan is used. This indicator tends to be volatile from quarter to quarter.

Foreclosure Rate

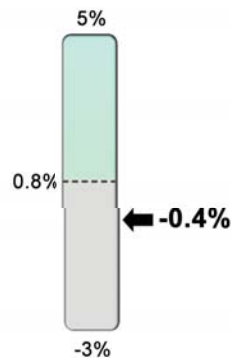
4th Quarter 2017



➤ Foreclosure rates remain very low, highlighting how different the current recession is from the '80s recession when foreclosure rates exceeded 10 percent.

Population Growth

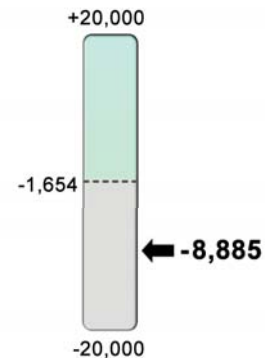
2016 to 2017



➤ The state's population has remained remarkably stable during the state's recession, although 2017 was the first year of population decline since 1988.

Net Migration

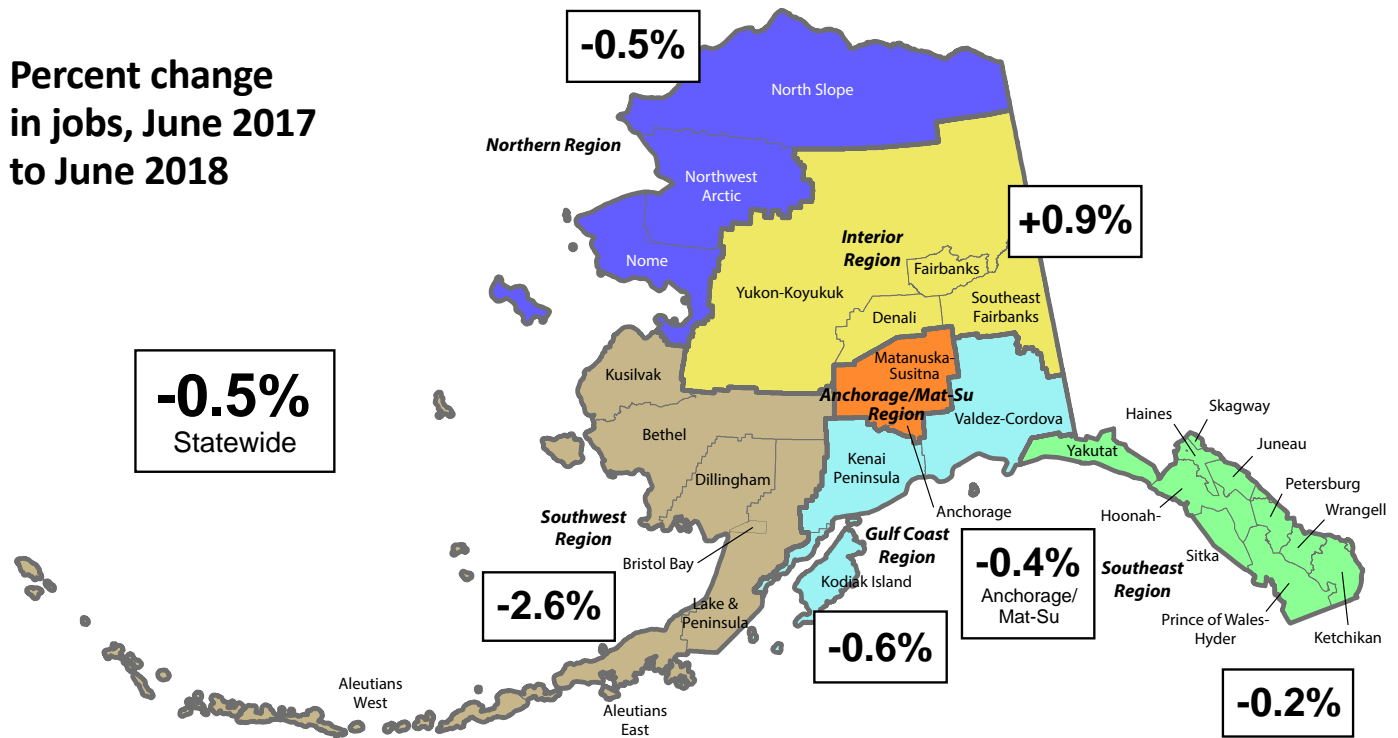
2016 to 2017



➤ The state had net migration losses for the fifth consecutive year in 2017, although natural increase (births minus deaths) offset those losses each year until 2017.

Employment by Region

Percent change
in jobs, June 2017
to June 2018



Unemployment Rates

Seasonally adjusted

	Prelim.		Revised
	6/18	5/18	6/17
United States	4.0	3.8	4.3
Alaska	7.1	7.2	7.2

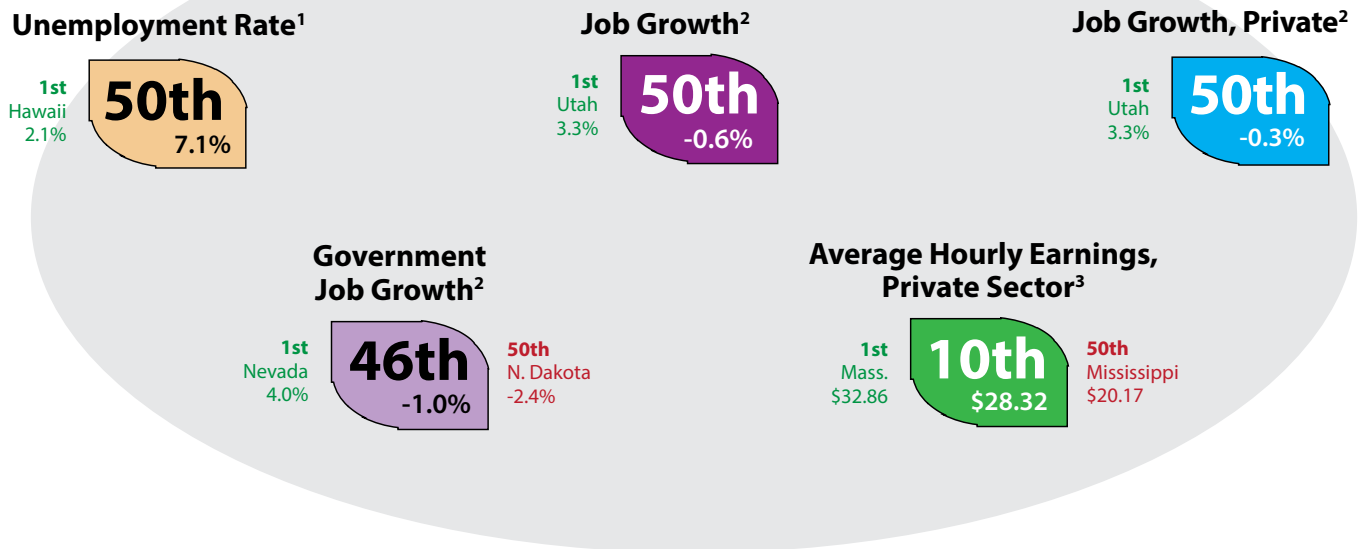
Not seasonally adjusted

	Prelim.		
	6/18	5/18	6/17
United States	4.2	3.6	4.5
Alaska	6.7	7.0	7.2

Regional, not seasonally adjusted

	Prelim.			Revised		
	6/18	5/18	6/17	6/18	5/18	6/17
Interior Region	6.7	7.0	7.1			
Denali Borough	3.7	4.7	4.4			
Fairbanks N Star Borough	6.1	6.3	6.4			
Southeast Fairbanks Census Area	9.5	9.7	9.8			
Yukon-Koyukuk Census Area	16.6	17.6	18.2			
Northern Region	13.0	12.4	13.7			
Nome Census Area	13.8	13.5	14.0			
North Slope Borough	8.0	7.4	8.8			
Northwest Arctic Borough	17.5	16.8	19.0			
Anchorage/Mat-Su Region	6.2	6.4	6.8			
Anchorage, Municipality	5.7	5.8	6.2			
Mat-Su Borough	8.0	8.3	8.8			
Southwest Region	11.3	12.2	11.4			
Aleutians East Borough	3.3	4.9	2.7			
Aleutians West Census Area	3.9	5.2	4.1			
Bethel Census Area	14.7	14.2	15.4			
Bristol Bay Borough	3.4	4.6	3.4			
Dillingham Census Area	7.8	9.2	8.3			
Kusilvak Census Area	22.7	21.8	22.3			
Lake and Peninsula Borough	11.4	12.4	10.4			
Gulf Coast Region	6.7	7.3	7.2			
Kenai Peninsula Borough	7.1	7.7	7.7			
Kodiak Island Borough	5.6	5.7	5.4			
Valdez-Cordova Census Area	5.7	7.4	6.2			
Southeast Region	5.5	5.7	5.8			
Haines Borough	7.2	8.5	6.6			
Hoonah-Angoon Census Area	9.6	11.1	8.4			
Juneau, City and Borough	4.4	4.3	4.7			
Ketchikan Gateway Borough	5.2	5.7	5.8			
Petersburg Borough	8.2	8.6	8.9			
Prince of Wales-Hyder Census Area	9.7	11.6	10.2			
Sitka, City and Borough	4.3	4.0	4.8			
Skagway, Municipality	3.7	4.7	3.5			
Wrangell, City and Borough	7.1	6.7	7.2			
Yakutat, City and Borough	9.2	7.3	9.5			

How Alaska Ranks



¹June seasonally adjusted unemployment rates

²June employment, over-the-year percent change

³June hours and earnings

Sources are U.S. Bureau of Labor Statistics and Alaska Department of Labor and Workforce Development, Research and Analysis Section, unless otherwise noted.

Other Economic Indicators

	Current		Year ago	Change
Anchorage Consumer Price Index (CPI-U, base yr 1982=100)	219.131	2nd half 2017	218.660	+0.9%
Commodity prices				
Crude oil, Alaska North Slope,* per barrel	\$74.75	June 2018	\$47.38	57.77%
Natural gas, residential, per thousand cubic feet	\$11.29	April 2018	\$10.23	10.36%
Gold, per oz. COMEX	\$1,216.90	7/19/2018	\$1,248.80	-2.55%
Silver, per oz. COMEX	\$15.21	7/19/2018	\$16.34	-6.92%
Copper, per lb. COMEX	\$275.70	7/19/2018	\$271.05	1.72%
Zinc, per MT	\$2,600.00	7/18/2018	\$2,727.00	-4.66%
Lead, per lb.	\$0.96	7/18/2018	\$1.04	-7.69%
Bankruptcies				
	101	Q1 2018	124	-22.8%
Business	13	Q1 2018	15	-15.4%
Personal	88	Q1 2018	109	-23.9%
Unemployment insurance claims				
Initial filings	3,836	June 2018	5,022	-23.62%
Continued filings	28,942	June 2018	33,544	-13.72%
Claimant count	8,237	June 2018	8,934	-7.80%

*Department of Revenue estimate

Sources for pages 14 through 17 include Alaska Department of Labor and Workforce Development, Research and Analysis Section; U.S. Bureau of Labor Statistics; U.S. Bureau of Economic Analysis; U.S. Census Bureau; COMEX; Bloomberg; Infomine; Alaska Department of Revenue; and U.S. Courts, 9th Circuit

Safety Minute

New silica dust exposure standards effective June 23

Crystalline silica is a common mineral found in the earth's crust and in materials such as sand, stone, concrete, and mortar. Respirable crystalline silica dust is created when cutting, sawing, grinding, drilling, and crushing these materials, and workers who inhale these particles are at increased risk of developing silicosis, lung cancer, chronic obstructive pulmonary disease, and kidney disease.

OSHA implemented new silica exposure standards effective June 23, 2018, that are applicable to construction, maritime, and general industry. In general, if tasks are indistinguishable from those in the OSHA-provided Table 1: Specified Exposure Control Methods When Working with Materials Containing Crystalline Silica, then employees can safely work with silica. However, it's important not to rely too heavily on the table. If equipment or processes don't fit, employers must perform their own monitoring to determine compliance.

All employers covered by the standards are required to:

- Establish and implement a written exposure control plan that identifies tasks and protection methods, including procedures to restrict access to potential high-exposure work areas.
- Train workers on operations that result in silica exposure and ways to limit exposure.
- Assess employee exposures to silica if it may be at or above the action level of 25 µg/m³ (micrograms of silica per cubic meter of air), averaged over an eight-hour day.
- Protect workers from respirable crystalline silica exposures above the permissible exposure limit, or PEL, of 50 µg/m³, averaged over an eight-hour day.
- Designate a competent person to implement the plan.
- Limit workers' access to areas where exposure

could be above the PEL.

- Use dust controls to protect workers from silica exposures above the PEL.
- Provide respirators when dust controls cannot limit exposures to the PEL.
- Restrict housekeeping practices that expose workers to silica where feasible alternatives are available.
- Offer medical exams, including chest X-rays and lung function tests, every three years for workers who are required by the standard to wear a respirator for 30 or more days per year. Changing employers does not restart the days.
- Keep records of exposure measurements, objective data, and medical exams.

Enforcement is not looking to cite employers right out of the gate for violating the new standards. Resources are also available online to help employers generate an exposure plan from scratch. For the detailed standards and additional resources, visit:

OSHA Fact Sheet:

<https://www.osha.gov/Publications/OSHA3681.pdf>

OSHA Silica Publication:

<https://www.osha.gov/dsg/topics/silicacrystalline/>

General Industry Standard:

https://www.osha.gov/pls/oshaweb/owadisp.show_document?p_table=STANDARDS&p_id=1282

Construction Standard:

https://www.osha.gov/pls/oshaweb/owadisp.show_document?p_table=STANDARDS&p_id=1270

Maritime Standard:

https://www.osha.gov/pls/oshaweb/owadisp.show_document?p_table=STANDARDS&p_id=1264

Safety Minute is written by the Labor Standards and Safety Division of the Alaska Department of Labor and Workforce Development.