



ALASKA ECONOMIC
TRENDS
AUGUST 2020

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FROM THE COMMISSIONER

Resources are available to help you upgrade, learn new skills

By Dr. Tamika L. Ledbetter, Commissioner

Things are tough right now. Some businesses have had to close, workers have lost their jobs, and many people are doing their best to manage from day to day. The future is uncertain across the globe as we deal with a pandemic and the many related economic challenges.

Hard economic times can force us to reimagine our futures or even reinvent ourselves. This is a challenge, but like many obstacles in life, it can be an opportunity. Job seekers can make themselves more marketable in a changing economy by upgrading their skills or learning new ones. Because the future is uncertain, broadening your skill set will help you adapt and find work no matter how things change. Similarly, young people entering the workforce can choose training or education that will give them the best chance to find gainful employment.

A range of training programs and other resources such as grants are available to Alaskans throughout the state, and the Department of Labor and Workforce Development provides additional services for dislocated or displaced workers to help them return to the workforce.

Alaska Job Centers are ready to connect Alaskans in need of training or credentials to the programs that meet their needs. Your local job center can work with you to establish eligibility and develop a personalized career plan using a variety of federal and state funded programs to defray training costs.

The department also operates AVTEC, the Alaska Vocational Technical Training Center, in Seward.



AVTEC recently placed in the top 10 percent of educational institutions nationwide for providing the best return on investment. The center offers a number of training programs that last a year or less, such as welding, maritime, construction, industrial electricity, culinary arts, and more. AVTEC is also initiating

a new online program for high school seniors interested in maritime careers.

I know firsthand the value of timely career guidance. As a long time employee of the Department of Labor and Workforce Development and now its commissioner, I am passionate about promoting opportunities for all Alaskans and connecting them with tools that will help them succeed no matter what challenges lie ahead.

I want Alaskans to know we are here for you. We also recognize that skills come in many forms, so our services must be broad and accessible, especially for those who choose a path other than college or are unaware of the various career options.

To learn more about the resources available to you, please reach out to the job center in your area or call (877) 724-2539. Job center staff are ready to lead you through the process of finding a program that best suits your needs.

Contact Dr. Tamika L. Ledbetter, Commissioner, at (907) 465-2700 or commissioner.labor@alaska.gov.



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ALASKA
DEPARTMENT of LABOR
and WORKFORCE
DEVELOPMENT

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electronic subscription, read past issues online, or purchase a print subscription, visit labor.alaska.gov/trends.

ON THIS SPREAD: The background image for 2020 is the aurora borealis in the arctic in Alaska, taken by Noel Bauza.

The rental market in March

Survey shows fourth year of rising vacancy, steady rents

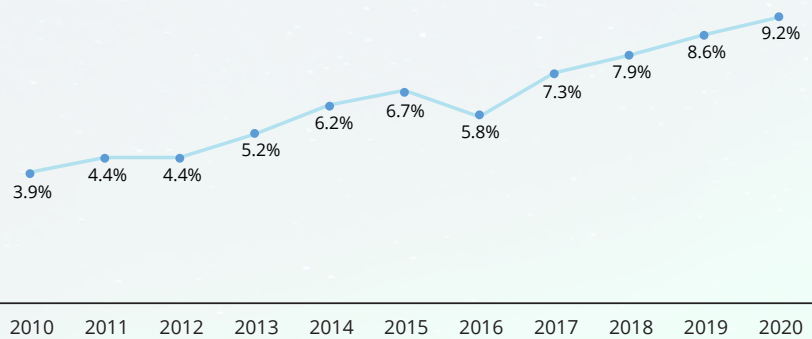
By ROB KREIGER

Rents haven't changed much since last year, but Alaska's vacancy rate has climbed for four years in a row, surpassing 9 percent and hitting a decade high.

We conduct our annual residential rental survey during the second week of March, which coincided this year with the earliest days of COVID-19's spread.

The World Health Organization declared a pandemic on March 11, Alaska announced a state emergency the same day, and the United States declared a national emergency two days later. Things changed quickly after that with travel restrictions, business shutdowns, and

Alaska's total vacancy rate has been on the rise

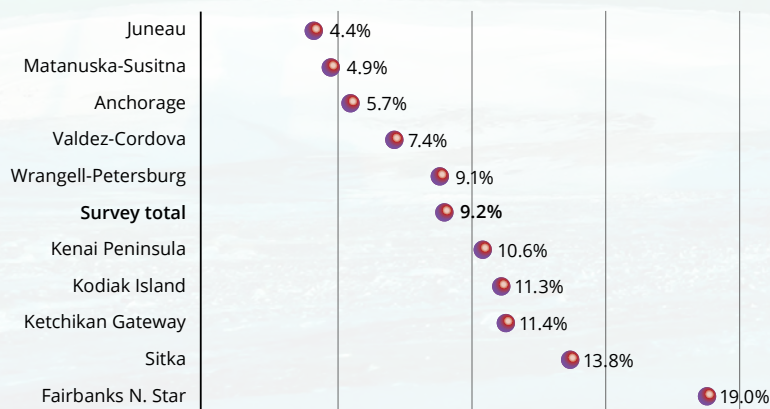


Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section, and Alaska Housing Finance Corporation: 2020 Rental Market Survey

other mandates to slow the virus' spread.

Federal stimulus money and expanded unemployment benefits allowed many people to continue paying rent and other bills in the short term, and some who were unable to pay made formal or informal agreements with landlords or property managers.

Vacancy is low in Juneau, high in Fairbanks



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section, and Alaska Housing Finance Corporation: 2020 Rental Market Survey

While the pandemic has undoubtedly affected some landlords and tenants over the past few months, these survey results came too early to show COVID-19's full impact on Alaska's rental market.

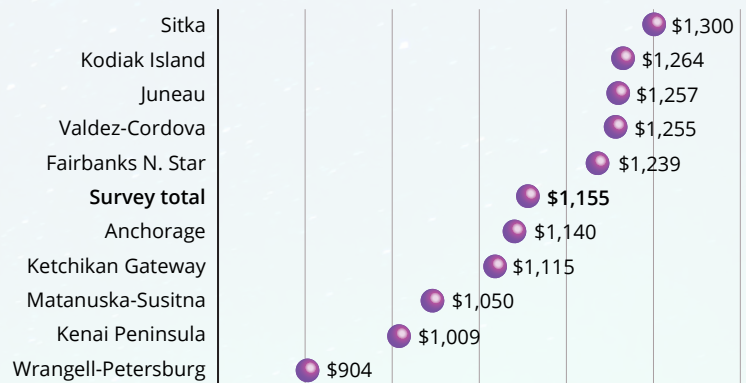
One area's unusual survey results do suggest early effects, although anecdotally. Sitka had the highest rent in this year's survey, at \$1,300, but also had the second-highest vacancy rate at 13.8 percent. That's atypical for Sitka, as seasonal businesses in coastal Southeast communities hire in early March to prepare

Rents quoted here include all utilities

All rents in this article are “adjusted rent,” which reflects rent plus the cost of all utilities, regardless of whether they’re included in rent payments or paid separately by renters.

Because the types and costs of utilities included in contract rent — the amount paid to the landlord each month — vary considerably by area, using adjusted rent makes units more comparable.

Average total rents by area in March 2020



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section, and Alaska Housing Finance Corporation: 2020 Rental Market Survey

for a busy spring and summer.

While the pandemic hadn’t been officially declared at the time of the survey, the virus was spreading rapidly in other parts of the country and world, and people had already begun to adjust their behavior and travel plans.

Potential seasonal workers likely decided early to hold off. As a result, units in Sitka that would normally be rented by the second week of March remained vacant this year.

Vacancy rates by area range from 4.4% to 19.0%

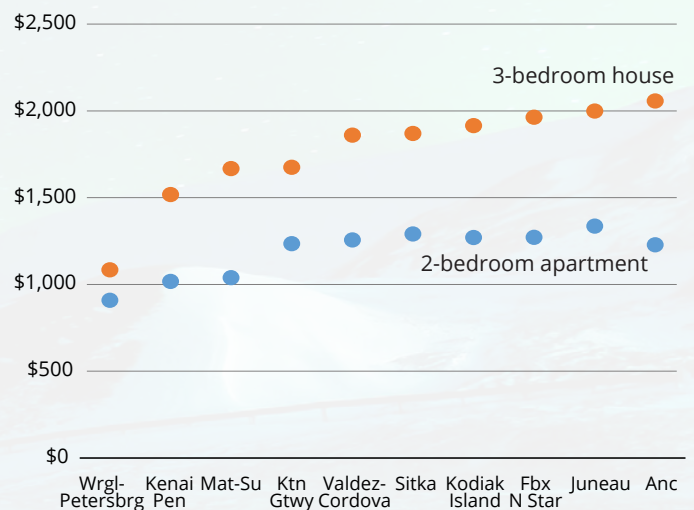
High vacancy rates aren’t as unusual for Fairbanks, which had the survey’s highest rate at 19 percent. The Fairbanks North Star Borough has a transient population and abundant housing options, and like much of Alaska, the area has lost population to migration in recent years.

Despite population loss, Juneau remained the hardest place to find a rental, with a vacancy rate of just 4.4 percent. The capital has a consistently tight rental market, and its vacancy rate has remained one of the lowest among surveyed areas in recent years.

The vacancy rate for all surveyed areas combined was 9.2 percent, a decade high. Rates in Fairbanks, Sitka, Ketchikan, and Kodiak topped 11 percent, which pushed the overall rate higher.

Vacancy has been on a steady rise for most of

Rents by unit type and area in March



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section, and Alaska Housing Finance Corporation: 2020 Rental Market Survey

the past decade with the state's net migration losses, weakened economy, military deployments, and slow employment growth in industries with more transient workers.

The costs of vacant vs. occupied rental units

Though vacancy rates alone shed light on rental unit availability, the cost differences between vacant and occupied units provide more context.

For example, if rents for vacant units are higher than for occupied units, that suggests a tight market where landlords are raising rent after people move out. Conversely, vacant units that rent for less than occupied units suggest landlords are having a hard time finding tenants and are lowering rent to remain competitive.

In general, areas with higher vacancy rates have lower rents for vacant units, while areas with low vacancy have higher rents for vacant units.

Fairbanks, Sitka, and Ketchikan had the highest vacancy rates in March, and all of these communities' vacant units rented for less than their occupied units, suggesting fewer available tenants.

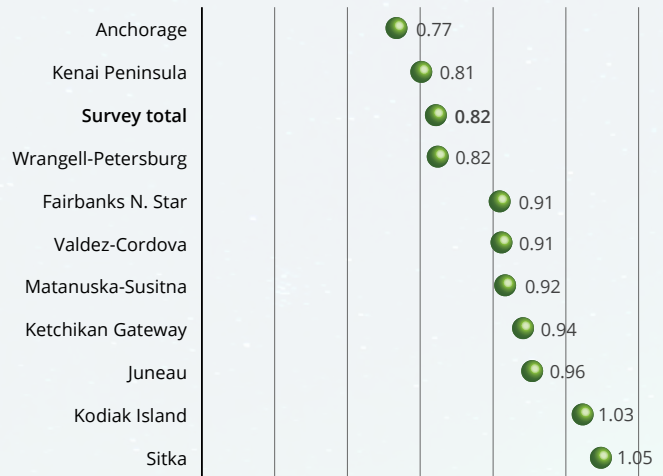
Likewise, the tightest markets — Juneau, the Matanuska-Susitna Borough, and Anchorage — all had higher rents for units that were vacant. Vacant units rented for 3.8 percent more than occupied units in Mat-Su and 2.7 percent more in Juneau.

Percent of occupied units that are rentals, by area

Borough or census area	Percent rentals
Kodiak Island Borough	45.0%
Sitka, City and Borough	42.1%
Fairbanks North Star Borough	41.5%
Ketchikan Gateway Borough	39.2%
Anchorage, Municipality	39.1%
Juneau, City and Borough	36.0%
Statewide	34.4%
Petersburg Borough	31.7%
Wrangell, City and Borough	31.7%
Valdez-Cordova Census Area	26.9%
Kenai Peninsula Borough	26.7%
Matanuska-Susitna Borough	23.1%

Source: U.S. Census Bureau, American Community Survey 2014 to 2018

Adding wages to the mix makes Anchorage rent the most affordable



Note: Shows the number of average wage earners needed to afford an area's typical rent

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section, and Alaska Housing Finance Corporation: 2020 Rental Market Survey

Rent by area and type of unit

For all types of rentals combined, Sitka's rent was highest in March at \$1,300 per month, followed by Kodiak at \$1,264 and Juneau at \$1,257, as the graphs on the previous page show.

The Wrangell-Petersburg area was the only surveyed area with rent under \$1,000 per month, including all utilities (\$904). The Kenai Peninsula Borough and Mat-Su also had some of the lowest rents at \$1,009 and \$1,050.

For two-bedroom apartments, the most common apartment size, rent was most expensive in Juneau at \$1,337 followed by Sitka at \$1,291. The lowest apartment rents were in Wrangell-Petersburg at \$909 and Kenai at \$1,018.

Three-bedroom single-family houses cost the most in Anchorage at \$2,058, followed by Juneau at \$2,000. Single-family rents were lowest, again, in Wrangell-Petersburg at \$1,085, with Kenai a distant second at \$1,518.

For detailed survey results by area and unit type, see the tables that begin on page 8.

Factoring in an area's wages tells a more complete story

Rent doesn't tell the whole story, though, when it comes to affordability. Just as rental costs vary by area, so do wages. Adding wages to the equation changes the picture for some places.

The long-standing rule of thumb from housing affordability studies is that monthly housing costs shouldn't exceed 30 percent of monthly wages, so our rental affordability index divides 30 percent of an area's average monthly wage by its median adjusted monthly rent. The result shows how many average wage earners it would take to afford an area's typical rent. A value of 1.0 means one person's paycheck would suffice.

In March, some higher-rent areas were more affordable than lower-rent areas. For example, Anchorage was the most affordable because its high average wages offset its rents. While Anchorage's rent was in the middle among surveyed areas, its monthly wage was highest, producing an index value of just 0.77.

After Anchorage, Kenai and Wrangell-Petersburg were the most affordable areas, at 0.81 and 0.82, respectively. Kenai had the second-lowest rent, and its mid-range wages made it even more affordable. Wrangell-Petersburg had the lowest monthly wages and the lowest rent.

Sitka, which had the highest rent, was the least affordable because its average wages were similar to Kenai's. Affording typical Sitka rent required just over a single average monthly paycheck (1.05). Kodiak and Juneau were also less affordable, at 1.03 and 0.96.

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

Details on renting apartments in March 2020

Area	Bed-rooms	Average		Median		Percent vacant	Percent included in contract rent*						
		Contract rent*	Adjusted rent*	Contract Rent*	Adjusted rent		Heat	Lights	Hot water	Water	Garbage	Sewer	Snow
Anchorage	0	\$812	\$898	\$805	\$877	7.5	87.5	47.4	89.1	45.6	99.6	45.6	99.6
	1	\$961	\$1,070	\$905	\$1,032	5.3	86.4	38.0	87.9	38.2	99.7	38.3	97.2
	2	\$1,139	\$1,276	\$1,095	\$1,229	5.8	75.9	8.7	79.1	50.2	98.6	50.2	94.3
	3	\$1,374	\$1,521	\$1,355	\$1,498	6.4	59.2	9.5	61.9	71.5	83.7	70.7	72.8
Fairbanks North Star	0	\$651	\$674	\$620	\$675	23.5	97.3	78.5	96.6	96.6	93.3	95.3	23.5
	1	\$888	\$976	\$900	\$1,000	21.2	98.0	21.5	94.4	97.8	94.8	96.5	78.8
	2	\$1,103	\$1,257	\$1,140	\$1,272	22.2	94.4	5.6	80.9	93.7	89.7	91.4	87.8
	3	\$1,353	\$1,626	\$1,265	\$1,552	10.0	85.4	9.3	47.7	82.6	72.2	86.5	83.3
Juneau	0	\$943	\$982	\$1,080	\$1,117	4.6	76.9	14.6	82.3	100.0	100.0	100.0	90.0
	1	\$1,058	\$1,108	\$1,000	\$1,059	4.2	66.1	33.3	67.7	100.0	100.0	99.7	90.4
	2	\$1,259	\$1,363	\$1,250	\$1,337	4.0	38.1	10.6	30.6	99.3	95.5	99.8	90.8
	3	\$1,716	\$1,856	\$1,800	\$1,916	3.1	53.1	11.5	29.2	97.9	72.9	99.0	54.2
Kenai Peninsula	0	\$669	\$695	\$625	\$665	15.5	90.1	70.4	93.0	100.0	95.8	100.0	94.4
	1	\$771	\$874	\$775	\$834	11.7	81.3	26.3	83.3	95.4	91.3	95.0	95.8
	2	\$895	\$1,035	\$900	\$1,018	10.0	81.1	17.2	75.7	94.9	89.2	92.4	92.9
	3	\$1,135	\$1,298	\$1,050	\$1,257	9.9	63.1	25.2	68.5	88.3	79.3	89.2	85.6
Ketchikan Gateway	0	\$814	\$845	\$750	\$780	21.6	91.9	63.5	91.9	87.8	85.1	87.8	86.5
	1	\$903	\$1,005	\$875	\$1,003	8.4	77.7	33.1	65.7	54.8	54.2	55.4	67.5
	2	\$1,128	\$1,262	\$1,050	\$1,235	8.5	85.4	28.7	55.5	45.1	43.9	44.5	62.2
	3	\$1,399	\$1,584	\$1,300	\$1,478	17.2	79.7	15.6	53.1	23.4	20.3	23.4	60.9
Kodiak Island	0	\$800	\$857	\$750	\$830	18.8	97.9	6.3	54.2	100.0	100.0	100.0	85.4
	1	\$1,027	\$1,068	\$975	\$1,031	10.0	94.0	36.0	93.0	99.0	99.0	99.0	62.0
	2	\$1,225	\$1,314	\$1,200	\$1,271	13.2	83.0	12.6	79.2	92.5	91.2	92.5	65.4
	3	\$1,431	\$1,575	\$1,500	\$1,634	11.9	65.7	6.0	62.7	86.6	86.6	89.6	58.2
Matanuska- Susitna	0	\$710	\$710	\$625	\$625	9.5	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	1	\$813	\$891	\$850	\$923	3.0	78.9	12.9	77.2	97.4	96.1	96.1	89.7
	2	\$933	\$1,039	\$925	\$1,039	4.6	72.4	12.4	70.3	96.3	93.8	91.6	89.2
	3	\$1,234	\$1,408	\$1,245	\$1,435	6.1	33.9	7.9	35.8	90.3	86.1	71.5	74.5
Sitka	0	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
	1	\$887	\$1,076	\$850	\$1,092	16.1	46.8	21.0	56.5	30.6	14.5	24.2	64.5
	2	\$1,070	\$1,338	\$1,000	\$1,291	15.4	26.4	6.6	27.5	12.1	7.7	12.1	51.6
	3	\$1,342	\$1,604	\$1,250	\$1,373	6.1	14.3	4.1	10.2	6.1	6.1	6.1	49.0
Valdez- Cordova	0	\$851	\$866	\$900	\$900	11.1	100.0	77.8	100.0	100.0	100.0	100.0	100.0
	1	\$1,008	\$1,050	\$900	\$957	16.4	89.6	59.7	86.6	91.0	91.0	91.0	91.0
	2	\$1,192	\$1,304	\$1,100	\$1,257	4.2	78.3	22.5	60.0	94.2	92.5	94.2	95.8
	3	\$1,374	\$1,497	\$1,300	\$1,400	5.9	85.3	26.5	79.4	91.2	91.2	91.2	88.2
Wrangell- Petersburg	0	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
	1	\$693	\$806	\$642	\$834	14.8	66.7	25.9	29.6	37.0	48.1	40.7	51.9
	2	\$797	\$934	\$700	\$909	9.3	65.3	6.7	41.3	64.0	69.3	61.3	77.3
	3	\$898	\$1,056	\$800	\$980	11.5	30.8	0	30.8	73.1	61.5	76.9	57.7

*Contract rent is the amount paid to the landlord each month, and it may or may not include some utilities. Adjusted rent is the contract rent plus all utility costs, which makes units more comparable.

Note: ND means not disclosable for confidentiality reasons.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section, and Alaska Housing Finance Corporation: 2020 Rental Market Survey

Details on renting single-family homes in March 2020

Area	Bed-rooms	Average		Median		Percent vacant	Percent included in contract rent*						
		Contract rent*	Adjusted rent*	Contract rent*	Adjusted rent		Heat	Lights	Hot water	Water	Garbage	Sewer	Snow
Anchorage	1	\$912	\$1,057	\$850	\$1,016	8.3	33.3	33.3	33.3	58.3	58.3	66.7	58.3
	2	\$1,271	\$1,481	\$1,300	\$1,452	2.7	8.1	8.1	8.1	40.5	29.7	40.5	13.5
	3	\$1,824	\$2,086	\$1,800	\$2,058	3.3	5.2	4.6	3.3	19.6	13.7	20.3	8.5
	4	\$2,116	\$2,407	\$2,098	\$2,396	3.4	1.7	1.7	0	12.1	10.3	13.8	5.2
Fairbanks North Star	1	\$932	\$1,120	\$900	\$1,109	10.9	58.7	28.3	47.8	58.7	43.5	60.9	69.6
	2	\$1,251	\$1,591	\$1,300	\$1,579	6.6	49.5	8.8	20.9	50.5	30.8	46.2	41.8
	3	\$1,733	\$2,030	\$1,750	\$1,964	17.1	70.7	1.4	67.0	71.5	70.7	69.7	4.5
	4	\$1,964	\$2,341	\$1,970	\$2,197	11.5	61.5	0.8	59.8	71.3	63.9	69.7	4.1
Juneau	1	\$1,053	\$1,152	\$1,025	\$1,159	0	18.8	12.5	18.8	100.0	87.5	93.8	68.8
	2	\$1,585	\$1,731	\$1,525	\$1,723	20.0	35.0	20.0	35.0	90.0	65.0	90.0	65.0
	3	\$1,791	\$1,958	\$1,800	\$2,000	4.0	24.0	12.0	12.0	100.0	48.0	92.0	36.0
	4	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Kenai Peninsula	1	\$730	\$949	\$700	\$892	14.3	26.2	26.2	33.3	59.5	40.5	64.3	59.5
	2	\$962	\$1,230	\$900	\$1,237	8.8	19.1	16.2	22.1	51.5	27.9	45.6	44.1
	3	\$1,190	\$1,476	\$1,211	\$1,518	6.6	17.9	17.9	18.9	65.1	20.8	53.8	21.7
	4	\$1,336	\$1,676	\$1,325	\$1,671	15.8	15.8	10.5	10.5	68.4	21.1	68.4	26.3
Ketchikan Gateway	1	\$839	\$918	\$900	\$1,000	9.1	54.5	54.5	54.5	72.7	63.6	72.7	36.4
	2	\$1,119	\$1,324	\$1,000	\$1,218	0	33.3	11.1	11.1	33.3	0	44.4	11.1
	3	\$1,432	\$1,656	\$1,400	\$1,676	18.2	18.2	0	9.1	45.5	27.3	36.4	27.3
	4	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Kodiak Island	1	\$1,117	\$1,251	\$1,100	\$1,256	0.0	25.0	8.3	25.0	75.0	75.0	75.0	25.0
	2	\$1,409	\$1,577	\$1,400	\$1,537	7.1	21.4	0	10.7	85.7	89.3	92.9	25.0
	3	\$1,742	\$1,985	\$1,725	\$1,916	7.1	9.5	2.4	2.4	71.4	69.0	61.9	9.5
	4	\$1,854	\$2,142	\$1,875	\$2,196	8.3	0	0	16.7	66.7	83.3	66.7	16.7
Matanuska- Susitna	1	\$846	\$1,041	\$838	\$982	16.7	33.3	27.8	38.9	88.9	72.2	55.6	38.9
	2	\$1,014	\$1,175	\$975	\$1,201	5.3	39.5	7.9	42.1	86.8	71.1	78.9	47.4
	3	\$1,425	\$1,687	\$1,400	\$1,668	3.2	1.6	1.6	3.2	77.4	45.2	47.6	10.5
	4	\$1,676	\$1,980	\$1,700	\$2,070	5.9	5.9	2.9	5.9	73.5	52.9	38.2	14.7
Sitka	1	\$893	\$1,098	\$800	\$1,107	0.0	18.2	18.2	18.2	18.2	18.2	18.2	36.4
	2	\$1,089	\$1,347	\$1,050	\$1,307	23.3	10.0	10.0	10.0	10.0	10.0	10.0	26.7
	3	\$1,598	\$1,870	\$1,800	\$1,871	17.9	14.3	10.7	10.7	10.7	10.7	10.7	25.0
	4	\$2,022	\$2,295	\$1,965	\$2,264	0	0	0	0	0	0	0	16.7
Valdez- Cordova	1	\$1,021	\$1,182	\$1,000	\$1,249	0.0	14.3	0.0	14.3	42.9	42.9	42.9	14.3
	2	\$972	\$1,144	\$850	\$1,024	0.0	22.2	33.3	33.3	55.6	44.4	55.6	33.3
	3	\$1,708	\$1,900	\$1,650	\$1,861	6.9	6.9	10.3	10.3	34.5	31.0	34.5	24.1
	4	\$1,624	\$1,953	\$1,625	\$1,991	0	0	0	0	0	0	16.7	33.3
Wrangell- Petersburg	1	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
	2	\$761	\$984	\$650	\$922	0	0	0	0	18.2	27.3	18.2	45.5
	3	\$835	\$1,117	\$800	\$1,085	0	0	0	0	0	0	0	20.0
	4	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND

*Contract rent is the amount paid to the landlord each month, and it may or may not include some utilities. Adjusted rent is the contract rent plus all utility costs, which makes units more comparable.

Note: ND means not disclosable for confidentiality reasons.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section, and Alaska Housing Finance Corporation: 2020 Rental Market Survey

\$600 federal add-on benefit ends

\$87 million less per month for unemployment claimants

By LENNON WELLER and DAN ROBINSON

For the last four months, the federal CARES Act provided an extra \$600 a week in unemployment benefits. That \$600 add-on, intended to help people stay afloat amid pandemic-related job losses, was a substantial increase to Alaska's average weekly benefit of about \$275.

The add-on expired at the end of July, so barring a last-minute legislative extension, that means the average claimant in Alaska will go from receiving about \$875 a week to around \$275 a week, a major reduction for the state's economy as well as individuals.

The economic role the state's unemployment insurance system will play in the coming months is a complicated and developing issue, but for now, we'll look at the estimated direct cost to the state's economy of eliminating the \$600 supplement.

A loss of \$87 million in August

In June, the most recent month for which detailed information is available, 46,481 people collected a total of \$126.9 million in benefits, not including the newly created Pandemic Unemployment Assistance program for the self-employed and other workers not traditionally eligible for unemployment benefits.

For context, Alaska's total population is about 731,000, and our population 16 and older is around 566,000. That means about 8 percent of the state's working-age population, and about 6 percent of our total population, collected benefits in June.

Around 69 percent of the nearly \$127 million in benefits paid in June came from that \$600-per-week federal add-on (\$87.2 million). For comparison, in August 2019, Alaska employers paid about \$1.6 billion in total wages. So the loss of \$87 million would equate to roughly 5 percent of wages paid during a normal Alaska August.

If a loss of that magnitude seems underwhelming, keep in mind that the annual wage loss during the state's recent recession was about 3.8 percent at its worst, from 2015 to 2016.

Can jobs replace the \$600 add-on?

Whether claimants will be able to replace that lost income by returning to work is a key question. Disagreement over the answer, and ideological differences over whether the extra \$600 created a disincentive to work, were the stumbling blocks that delayed a full or partial extension. Both sides agree that the pandemic-weakened economy justifies some extended period of higher benefits, but views differ widely on whether to continue paying \$600 extra per week or something less.

As we wrote last month, some who were collecting unemployment benefits have returned to work. At the high end, about 25 percent of health care claimants had apparently resumed working in May, and at the low end, just 6 percent of claimants from seafood processing had returned.

In the short term, wages earned by those who return to work probably won't replace a big portion of the \$87 million removed from the economy when the federal benefit ends. Most jobs will return eventually, but until the pandemic-related disruptions are behind us, many jobs simply won't exist. A hotel banquet worker, for example, or a whale watching boat captain may not have the option to return to work any time soon.

Consequently, Alaska faces a sizable economic shock in August. While we can't quantify all the downstream effects of removing that much income from the economy, a look at claimants by industry and location reveals a few relevant patterns.

Consumer spending will fall

Of the 46,000-plus June claimants, 25 percent had worked in retail or food service, primarily in restaurants and bars — jobs that pay less than average. Retail trade jobs paid about \$33,000 a year in 2019 and jobs in restaurants and bars paid about \$23,000, both substantially less than the \$57,000 annual wage across all industries.

Lower-wage workers spend a higher percentage of their income than higher-wage workers, which means the reduction in benefits will disproportionately

Breakdown of June unemployment benefit payments by area

Borough/census area	June claimants	Regular benefits paid	Temporary \$600 federal add-on	Total UI benefits paid
Anchorage, Municipality	17,489	\$15,042,723	\$34,356,600	\$49,399,323
Interstate	5,852	\$5,126,049	\$10,726,800	\$15,852,849
Matanuska-Susitna Borough	5,388	\$4,694,819	\$10,280,400	\$14,975,219
Fairbanks N. Star Borough	3,934	\$3,400,670	\$7,580,400	\$10,981,070
Kenai Peninsula Borough	3,326	\$2,834,675	\$6,130,200	\$8,964,875
Juneau, City and Borough	1,831	\$1,533,223	\$3,555,000	\$5,088,223
Ketchikan Gateway Borough	975	\$799,013	\$1,786,800	\$2,585,813
Bethel Census Area	1,001	\$846,135	\$1,687,200	\$2,533,335
Kodiak Island Borough	852	\$731,496	\$1,417,200	\$2,148,696
Sitka, City and Borough	507	\$428,293	\$945,600	\$1,373,893
Nome Census Area	531	\$447,353	\$919,800	\$1,367,153
Kusilvak Census Area	543	\$446,304	\$876,600	\$1,322,904
Aleutians West Census Area	541	\$473,057	\$727,800	\$1,200,857
Northwest Arctic Borough	430	\$367,528	\$707,400	\$1,074,928
Chugach Census Area	355	\$293,133	\$592,800	\$885,933
Prince of Wales-Hyder Census Area	316	\$261,793	\$571,200	\$832,993
Yukon-Koyukuk Census Area	328	\$274,727	\$542,400	\$817,127
Copper River Census Area	313	\$258,704	\$526,200	\$784,904
Haines Borough	246	\$194,958	\$421,800	\$616,758
Skagway, Municipality	232	\$190,998	\$424,200	\$615,198
North Slope Borough	189	\$171,210	\$340,200	\$511,410
Dillingham Census Area	194	\$165,516	\$345,000	\$510,516
Aleutians East Borough	244	\$206,361	\$289,200	\$495,561
Hoonah-Angoon Census Area	190	\$148,856	\$311,400	\$460,256
Petersburg Borough	147	\$123,597	\$255,000	\$378,597
Denali Borough	149	\$118,298	\$224,400	\$342,698
Wrangell, City and Borough	112	\$94,364	\$196,800	\$291,164
Southeast Fairbanks Census Area	111	\$93,001	\$196,200	\$289,201
Lake and Peninsula Borough	80	\$64,714	\$140,400	\$205,114
Bristol Bay Borough	39	\$34,745	\$66,000	\$100,745
Yakutat, City and Borough	25	\$20,552	\$42,000	\$62,552
Unknown	11	\$9,957	\$21,000	\$30,957
Total	46,481	\$39,896,822	\$87,204,000	\$127,100,822

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

reduce spending in a range of household categories. Separate federal and state programs will partly address some of those losses, but a large drop in consumer spending is certain as tens of thousands of Alaskans will simply have less to spend.

All parts of Alaska will be affected

The table above shows the total reduction will range from \$42,000 in Yakutat to more than \$34 million in Anchorage. Note that almost \$11 million of the supplemental \$87 million paid in June went to interstate claimants: workers who became eligible for Alaska benefits by working here, but filed from another state.

Nonresident job losses will have a smaller impact, but the economy is still hurt by the loss of nonresident workers because they won't rent housing, buy groceries and restaurant food, or otherwise spend a portion of their wages in Alaska.

People's ability to find work in their area is another factor. Places that depend on summer tourism will suffer more from the reduced benefits because residents will have fewer options for replacing lost jobs. Someone who would normally work in a restaurant in the Denali Borough or Skagway, where most customers are cruise ship passengers, will be far less likely to return to work or find another job than an Anchorage hospital worker who was temporarily unemployed when elective surgeries halted during the shutdown.

Conversely, areas that have more diverse economies, and especially those that control the virus' spread so businesses can safely reopen, will notice less harm from the loss of the \$600 supplement.

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Alaska's banks and credit unions

More banking jobs have been in credit unions since 2015

By SARA TEEL

Banking in Alaska stretches back to the Gold Rush, before statehood and banking regulations, when anyone could open a bank by hanging a sign on a building.

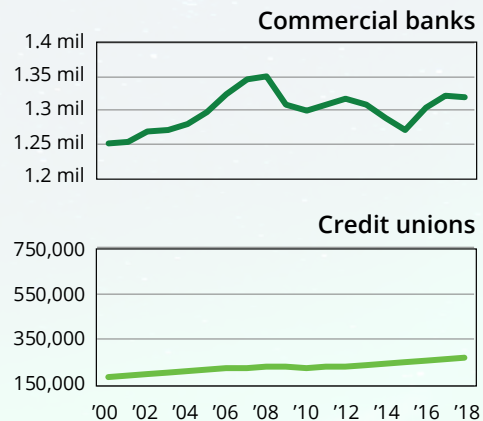
Among the first major commercial banks was the Bank of Alaska, which opened in Skagway in 1916. Modern banking giant Wells Fargo also has a long history in the state — not as a bank, but as a transporter of gold and furs by dog sled. Wells Fargo left the state as World War I began, returning in 2000 to become the largest commercial bank in Alaska.

Alaska credit unions also predate statehood. Alaska USA Federal Credit Union was one of the state's first, established in 1948. (See the sidebar on page 14 for more banking history.)

Similarities and differences

Commercial banks and credit unions are similar in that they both provide financial services such as checking and savings accounts, auto loans, home mortgages, and money market and IRA accounts. But while banks are shareholder-owned, for profit, and open to anyone, credit unions are nonprofit, member-owned, and require some sort of affiliation for membership. This can be a common

Banks have far more jobs than credit unions nationwide

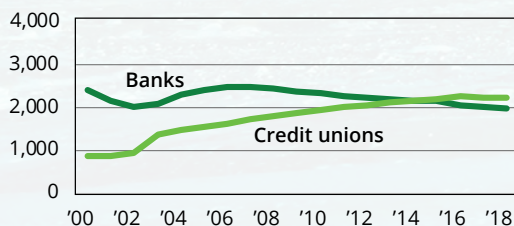


Source: U.S. Department of Labor, Bureau of Labor Statistics

employer, military branch, educational institution, or area of residence.

Credit unions usually have fewer commercial products, branches, and available ATMs than commercial banks, but because they don't pay income tax, they often have lower interest rates and fewer fees. Credit union proceeds are invested back into the credit union or disbursed as dividends to members.

... but Alaska has more jobs in credit unions than banks



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

Unlike U.S., jobs in credit unions have overtaken banks in Alaska

While commercial banks have far more jobs than credit unions nationally, credit unions in Alaska have provided more jobs than banks since 2015. Commercial bank employment peaked in 2006 at almost 2,500 but has declined since while credit union employment has grown.

Alaska credit union employment peaked in 2016 at more than 2,000 after overtaking banks the year before, then declined marginally in 2017 and 2018.

How the coronavirus pandemic affected financial institutions

The pandemic has spared no industry this year, but the challenges it has caused vary considerably.

Like many businesses, banks and credit unions initially faced shutdown mandates for in-person services or other company-specific rules — but unlike most industries, they don't appear to have lost jobs. Preliminary data suggest employment in banks and credit unions in Alaska actually grew in recent months.

Employment in the larger financial activities sector, of which banks and credit unions represent about a third, declined 3.5 percent in April, then grew 1.8 percent in May and 8.1 percent in June. While financial activities' June employment was still down by 4 percent compared to June 2019, that's a much smaller loss than the preliminary 11.4 percent over-the-year drop in Alaska's jobs overall.

The biggest pandemic-related change for financial institutions has been the massive influx of deposits from a handful of new federal relief programs.

The influx of federal relief dollars

The Federal CARES Act (Coronavirus Aid, Relief, and Economic Security) was signed into law in late March, depositing \$2 trillion into U.S. bank accounts — \$865 billion in April alone — mainly as stimulus checks and unemployment benefits. Two-thirds of those deposits have been with the 25 largest banking institutions in the country.

The federal Paycheck Protection Program, through the Small Business Administration, injected another \$660 billion. In addition to aiding small businesses, the PPP is designed to help banking institutions process its loans and grants. Lenders may receive up to \$24 billion in associated fees.

Since the pandemic began, Alaska banks and credit unions have processed more than \$1.2 billion in

forgivable PPP loans. More than 11,000 Alaska businesses and nonprofits have been approved, and two-thirds of the funds have gone to a little more than 1,600 applicants.

(Note: While the Economic Injury Disaster Loan and EIDL Advance program predate COVID-19, they are another option for small businesses that can provide up to \$10,000 as a loan or advance. The loans have a low interest rate, and advances don't have to be repaid. The Alaska CARES Grant is also available to eligible businesses and nonprofits that received \$5,000 or less from PPP or EIDL and can range from \$5,000 to \$100,000. This grant is facilitated by Credit Union 1, and under current circumstances, applicants don't need to be members.)

Many people aren't spending the payments

According to the Bureau of Economic Analysis, the national personal saving rate jumped from 12.6 percent in March to 32.2 percent in April, and May's rate remained high at 23.2 percent. The personal saving rate is the percentage saved after spending and paying taxes.

Similarly, Bank of America reported that the balances for checking accounts that previously contained \$5,000 or less have grown 30 percent to 40 percent in recent months.

Many people have been hanging on to their stimulus or unemployment checks until they need them, and closures have meant fewer opportunities to spend money.

Large banks are sitting on that money

Banks and credit unions would typically invest this influx, but given the economic uncertainty, the biggest national banks are sitting on tens of billions of dollars to prepare for COVID-related loan defaults. They are also more hesitant to loan money, which has further restricted stopgap options for some small businesses.

Alaska employment patterns have differed from U.S. trends

Unlike the industry nationwide, neither type of institution in Alaska was crippled by the national recession of the late 2000s. (The pandemic's ultimate effects on banking aren't yet clear, but the sidebar above details how COVID-19 has changed the industry in recent months.)

National bank employment has been volatile over the last two decades, subject to industry

bankruptcies and shifts in investor confidence and business practices. Commercial banks were hit hard during the national recession and again in 2015 when a little-known two-year "mini-recession" dampened a number of U.S. industries while the overall economy continued to grow.

National credit union employment has grown steadily and gradually over the past two decades, aside from a barely noticeable dip in 2008 during the U.S. recession.

Commercial banks have over 80 percent of the

industry's jobs nationally, but it used to be much more. In 2000, the nation had 6.7 commercial bank jobs for every credit union job, but by 2018 it fell to 4.9. Credit union employment grew 46 percent over that period while bank employment grew only 6 percent.

In contrast, commercial banks held 74 percent of banking jobs in Alaska in 2000, which dropped to 47 percent by 2018 as Alaska credit union employment rose 156 percent and jobs in commercial banks declined 18 percent.

Commercial banks pay more, but wages have grown in both

Even though Alaska's commercial bank employment declined during the last two decades, its total wages grew by 36 percent, when adjusted for inflation. Credit union wages grew 237 percent over that period. In 2018, they paid a combined total of more than \$240 million in wages.

In terms of what these jobs pay on average, commercial banks pay slightly more, but the average includes executive positions. Commercial banks' average wage grew from \$54,534 to \$60,403 over the last two decades. In credit unions, it rose from \$42,618 to \$56,051.

The average hourly wage for a teller in Alaska is \$14.77, as of 2018, which is around \$29,000 a year if full-time.

The industry is changing, raising access concerns for some areas

In the last decade, very low interest rates and new banking regulations have reduced banks' profits, and online banking has become more popular. As a result, banks have been consolidating and closing brick-and-mortar branches nationwide.

The number of yearly bank closures in the U.S. increased by 68 percent between 2012 and 2018. This has created "banking deserts," mainly in low-income areas. When a branch closes, that area's small business loans tend to fall by around 13 percent, and by as much as 40 percent if the closure is in a low-income area.

(COVID-19 has made it even harder for many low-income applicants and some small businesses to

The history of banking

Banks have existed in various forms for thousands of years. Archeological evidence suggests money-lending institutions developed in ancient Babylonia, China, and India. They initially employed a bartering system, with deposits and currency exchanges developing over the centuries that followed.

The oldest commercial bank still in existence is the Monte Dei Paschi Di Siena, an Italian bank founded in 1472.

The first credit unions, established in Germany in 1849, were designed to provide small loans to lower-income people. North American credit unions opened in Canada first, then in the United States in 1909 with the establishment of St. Mary's Cooperative Association in New Hampshire.

During the Great Depression, the U.S. government enacted the Federal Credit Union Act to provide a federally regulated national credit union system. Then in 1970, Congress created the National Credit Union Administration, or NCUA.

The NCUA is an independent agency that charters and supervises federal credit unions (although some credit unions are state chartered and regulated, but federally insured). The World Council of Credit Unions, which has member organizations in almost 60 countries, formed that same year.

Accounts in banks and credit unions can be insured for up to \$250,000 by the Federal Deposit Insurance Corporation, or FDIC, which was established in 1933 to promote banking stability as a result of widespread bank failures as the Great Depression unfolded. Credit unions can also be insured by the NCUA.

secure loans. See the sidebar on the previous page for more details.)

Alaska's number of bank branches dropped about 7 percent over the last decade. While the number of credit union branches grew 15 percent at the same time, the openings weren't always in the same communities as the closures.

Online banking mitigates some of the difficulty getting financial services in many areas, including much of Alaska, although this remains a challenge in remote areas without reliable internet service.

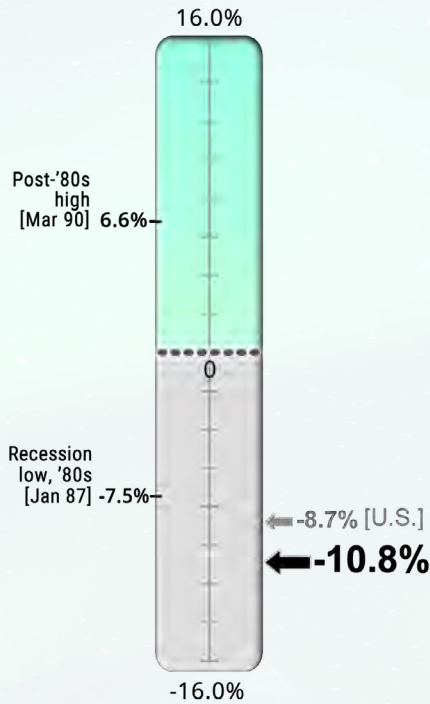
Sara Teel is an economist in Juneau. Reach her at (907) 465-6027 or sara.teel@alaska.gov.

Gauging The Economy



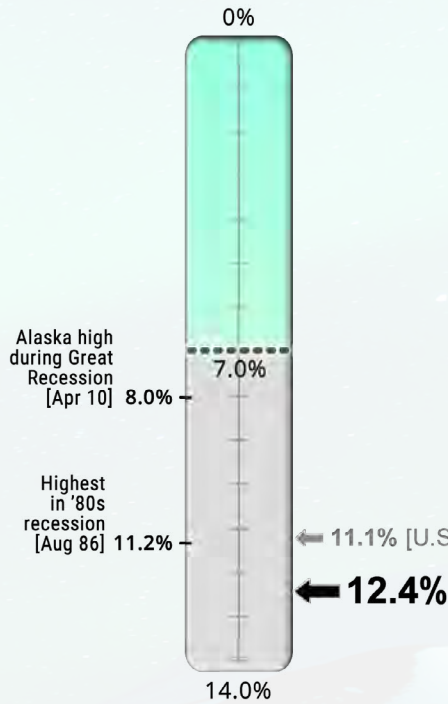
Job Growth

June 2020
Over-the-year percent change



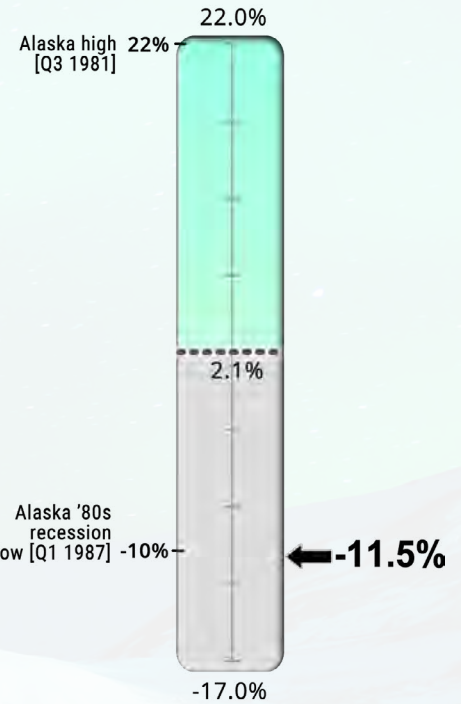
Unemployment Rate

June 2020
Seasonally adjusted



Wage Growth

2nd Quarter 2020 (estimate)
Over-the-year percent change



➤ The shutdowns to slow the spread of COVID-19 caused a rapid drop in employment, beginning in April.

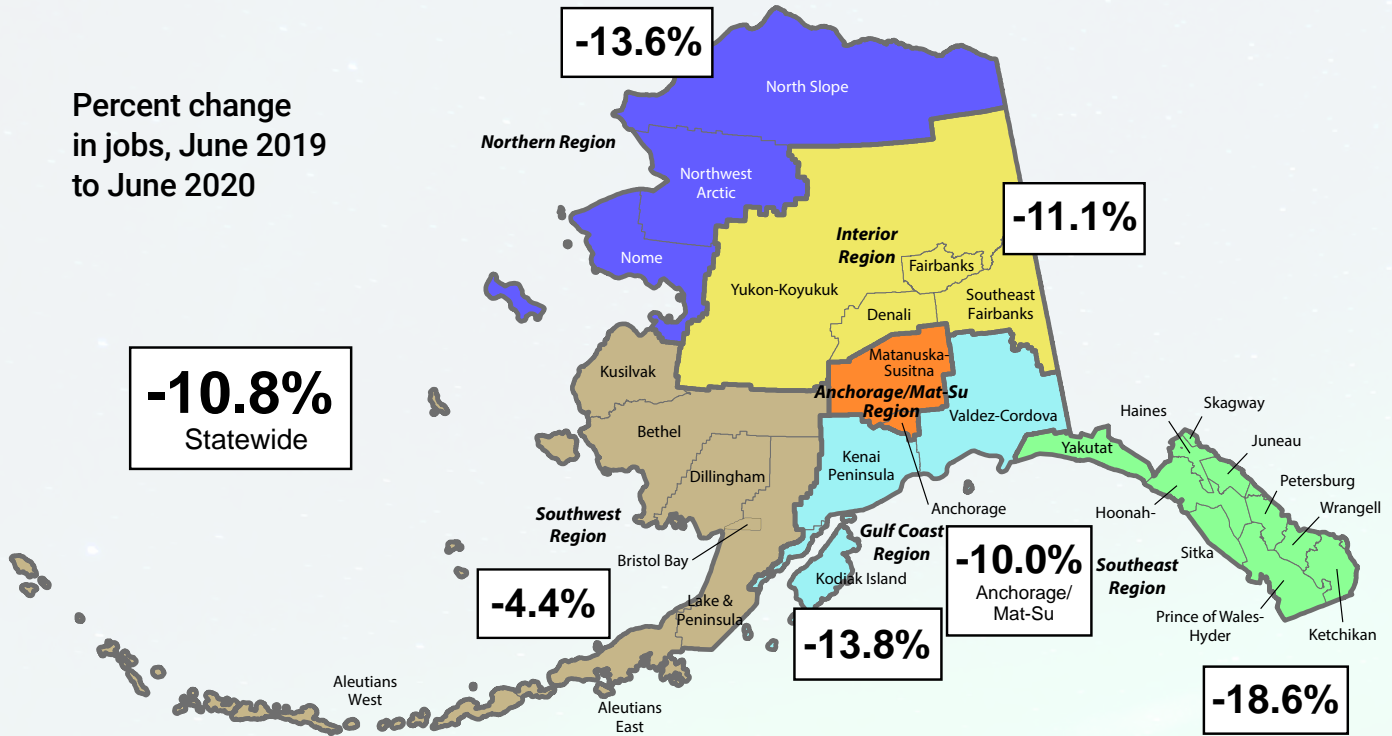
➤ The unemployment rate is again higher than the national rate, which is typical for Alaska, after a couple of months of higher unemployment nationally.

➤ After 10 straight quarters of wage growth, Alaska's total wages fell dramatically with the pandemic.

➤ Second quarter wage data for Alaska are estimated. U.S. wage growth data are only available through the fourth quarter of 2019.

Employment by Region

Percent change in jobs, June 2019 to June 2020



Unemployment Rates

Seasonally adjusted

	Prelim.	Revised	
	06/20	05/20	06/19
United States	11.1	13.3	3.7
Alaska	12.4	12.7	6.3

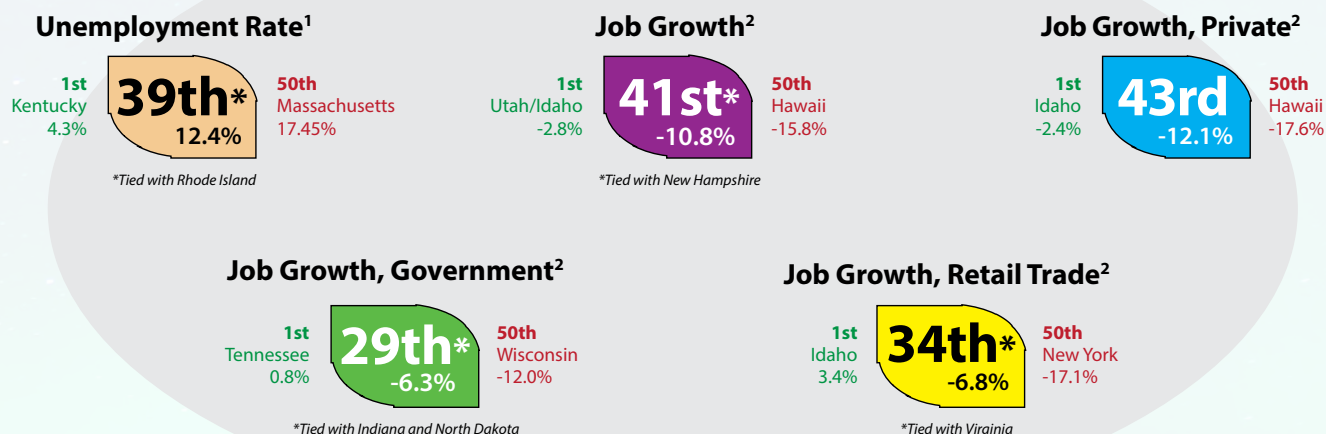
Not seasonally adjusted

	Prelim.	Revised	
	06/20	05/20	06/19
United States	11.2	13.0	3.8
Alaska	12.3	12.6	6.3

Regional, not seasonally adjusted

	Prelim.	Revised			Prelim.	Revised			Prelim.	Revised	
	06/20	05/20	06/19		06/20	05/20	06/19		06/20	05/20	06/19
Interior Region	10.8	10.7	6.1	Southwest Region	13.4	15.6	10.9	Southeast Region	13.1	13.1	5.3
Denali Borough	12.1	14.9	3.7	Aleutians East Borough	5.6	15.7	2.6	Haines Borough	20.0	22.6	5.8
Fairbanks N Star Borough	10.4	10.3	5.4	Aleutians West Census Area	9.6	19.2	3.8	Hoonah-Angoon Census Area	16.5	16.8	7.9
Southeast Fairbanks Census Area	10.8	10.5	8.9	Bethel Census Area	15.7	14.1	13.9	Juneau, City and Borough	11.6	10.9	4.3
Yukon-Koyukuk Census Area	16.0	16.7	14.9	Bristol Bay Borough	6.9	10.3	2.8	Ketchikan Gateway Borough	14.3	15.4	5.6
Northern Region	14.9	13.2	12.1	Dillingham Census Area	10.0	10.4	8.0	Petersburg Borough	13.4	15.4	8.3
Nome Census Area	16.0	14.8	12.9	Kusilvak Census Area	24.5	20.3	24.7	Prince of Wales-Hyder Census Area	14.0	13.6	9.3
North Slope Borough	9.9	8.1	7.0	Lake and Peninsula Borough	12.2	12.6	9.8	Sitka, City and Borough	11.7	12.4	3.9
Yukon-Koyukuk Census Area	18.8	16.3	16.9	Gulf Coast Region	12.5	13.3	5.9	Skagway, Municipality	18.6	20.2	3.1
Anchorage/Mat-Su Region	12.2	12.5	5.8	Kenai Peninsula Borough	13.4	14.1	6.0	Wrangell, City and Borough	12.8	13.2	7.4
Anchorage, Municipality	12.0	12.3	5.3	Kodiak Island Borough	10.5	10.2	5.1	Yakutat, City and Borough	12.8	13.0	5.5
Mat-Su Borough	13.1	13.0	7.4	Valdez-Cordova Census Area	10.2	12.6	6.2				

How Alaska Ranks



Note: Government employment includes federal, state, and local government plus public schools and universities.

¹June seasonally adjusted unemployment rates

²June employment, over-the-year percent change

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

Other Economic Indicators

	Current	Year ago	Change	
Urban Alaska Consumer Price Index (CPI-U, base yr 1982=100)	225.049	1st half 2020	228.858	-1.66%
Commodity prices				
Crude oil, Alaska North Slope, * per barrel	\$41.78	June 2020	\$64.32	-35.04%
Natural gas, residential, per thousand cubic feet	\$11.36	April 2020	\$11.06	+2.71%
Gold, per oz. COMEX	\$1,857.40	7/22/2020	\$1,426.90	+30.17%
Silver, per oz. COMEX	\$22.69	7/22/2020	\$16.41	+38.27%
Copper, per lb. COMEX	\$293.30	7/22/2020	\$272.20	+7.75%
Zinc, per MT	\$2,245.00	7/21/2020	\$2,417.00	-7.12%
Lead, per lb.	\$0.83	7/22/2020	\$0.92	-9.78%
Bankruptcies				
	76	Q2 2020	106	-28.30%
Business	5	Q2 2020	9	-44.44%
Personal	71	Q2 2020	97	-26.80%
Unemployment insurance claims				
Initial filings	30,580	June 2020	3,413	+795.99%
Continued filings	188,961	June 2020	26,857	+603.58%
Claimant count	46,481	June 2020	6,912	+572.47%

*Department of Revenue estimate

Sources for this page and the preceding three pages 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. Energy Information Administration; Kitco; U.S. Census Bureau; COMEX; Bloomberg; Infomine; Alaska Department of Revenue; and U.S. Courts, 9th Circuit

EMPLOYER RESOURCES

How to log in to AlaskaJobs, which replaced ALEXsys

The AlaskaJobs system has replaced ALEXsys. AlaskaJobs is accessed through myAlaska (my.alaska.gov), and you will need a different myAlaska account for each type of user in AlaskaJobs, such as an individual seeking a job, an employer recruiting for a position, or a training provider.

For employers who had ALEXsys accounts, your job posting history, applicant history, and employer profile have been transferred from ALEXsys to AlaskaJobs. Please follow the “Former ALEXsys account-Employer” detailed instructions to access AlaskaJobs through myAlaska.

The system will ask prior ALEXsys users to register



in myAlaska using their ALEXsys username. Please contact your nearest Alaska Job Center if you need assistance.

If you never had an ALEXsys account, please follow the “New Account-Employer” online instructions for signing into and creating an account in AlaskaJobs.

Employer Resources is written by the Employment and Training Services Division of the Alaska Department of Labor and Workforce Development. <https://labor.alaska.gov/dets/>

SAFETY MINUTE

Safe + Sound week helps employers save lives, cut costs

Safe + Sound is a national campaign to encourage every workplace to have a safety and health program. Nearly every day, 14 people who go to work don't return home, and another 4 million are seriously injured. Having an effective safety and health program not only protects workers, it saves businesses money. Businesses that participate have reduced those numbers by over 60 percent in the last 40 years.

Participating in Safe + Sound week, which is Aug. 6-16 this year, is a great chance for businesses to start this journey. An effective safety and health program helps businesses comply with regulations and laws, reduces the costs incurred through increased premiums and damaged machinery, and enables workers to stay productive.

Even if you aren't quite ready to implement a complete safety and health program, the steps below will help you get started.

Establish safety and health as a core value. Tell your workers that making sure they finish the day and go home safely is the way you do business.

Lead by example. Practice safe behaviors yourself, and make safety part of your daily conversations with workers.

Provide training. Teach workers to identify and control hazards in the workplace and to report injuries, illnesses, and near-misses.

Conduct inspections. Inspect the workplace with employees and ask them to identify any activity, piece of equipment, or material that concerns them. Use checklists to help identify problems.

Collect hazard control ideas. Ask workers for ideas on improvements, and follow up on their suggestions. Provide them time during work hours, if necessary, to research solutions.

Address emergencies. Identify foreseeable emergency scenarios and develop instructions on what to do in each case. Meet to discuss procedures and post them in a visible location in the workplace.

Seek input on workplace changes. Consult with workers to identify safety or health issues before making significant changes to the workplace.

This Safety Minute was written by Ashley Conley of the Labor Standards and Safety Division of the Alaska Department of Labor and Workforce Development. <https://labor.alaska.gov/lss/>