



ALASKA ECONOMIC
TRENDS

AUGUST 2023

ANCHORAGE
THE SECOND CENTURY

ALSO INSIDE

Recent shifts in the
construction industry

FROM THE COMMISSIONER

Industry-led convening will help chart Alaska's course

By Catherine Muñoz, Acting Commissioner

Workforce planning can seem like an abstract exercise, but it is important for every employer to consider. Planning can help a business or organization understand where they are now, where they want to go in the future, and how they will accomplish the training needed to develop staff for present and future goals. The Department of Labor and Workforce Development undertakes this exercise periodically, on a statewide scale, and typically around a particular industry.

As Alaska faces new opportunities with broadband and infrastructure funding, it is critical for Alaska's employers to consider where we are, where we want to go, and how we're going to get there.

This October, the Department of Labor and Workforce Development, through the Alaska Workforce Investment Board, will host a convening of industry, training providers, and the public. This two-day event in Anchorage will start with a day-long conversation, led by industry, to discuss workforce needs. The second day will cover breakout groups, with training providers responding on how they can meet industry needs. This partnership will segue into an updated cross-industry workforce plan.

Numerous organizations have undertaken workforce planning. The need for skilled workers is great, and Alaska is at the cusp of a wave of federally funded projects. Partnerships with organizations like the Alaska Safety Alliance, Alaska Unlimited, and the Departments of Transportation and Commerce will maximize resources and allow for a quality planning product.

Melanie Welsh, Executive Director of Alaska Unlimited, said, "The Yupik word *Calirpagyaraq* (to work hard) is a fundamental value for partners creating innovative solutions for Alaska's workforce and economic needs now and in the future. As we strategically identify challenges and opportunities, we look forward to working hard with our partners to see those impacts build opportunity throughout Alaska."



Cari-Ann Carty, Executive Director of the Alaska Safety Alliance, said, "Alaska's enduring prosperity hinges on a skilled and prepared workforce. Employers must be actively involved and engaged in the planning and implementation process right from the start. Our industry members fully grasp the pivotal role they play

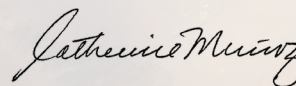
and eagerly anticipate joining forces with AWIB for a statewide workforce initiative. Together, we will leverage infrastructure funding to its fullest and generate promising opportunities for the people of Alaska."

The Department of Labor and Workforce Development will coordinate these efforts into a comprehensive plan for charting Alaska's future course. Some of the issues to be addressed include regional labor participation rates, projected jobs based on funded projects, the ability to stage projects for planning purposes to take advantage of local labor, shared shipping costs of materials to remote locations, and how best to deploy training resources.

The department also continues to focus on expanding the state's workforce. We are encouraging young Alaskans to enroll in existing training programs. Re-establishing the Office of Citizenship Assistance, with support from Gov. Dunleavy, is helping immigrants and refugees find meaningful employment. We are also working closer with Joint Base Elmendorf-Richardson to address civilian workforce needs and connect exiting veterans to job opportunities in Alaska.

The industry-led convening will take place in Anchorage Oct. 4-5. Details and opportunities for public participation will be released in the coming weeks.

Sincerely,



Contact Acting Commissioner Catherine Muñoz at (907) 465-2700 or commissioner.labor@alaska.gov.



Follow the Alaska Department of Labor and Workforce Development on Twitter (twitter.com/alaskalabor) and Facebook (facebook.com/alaskalabor).

**AUGUST
2023**

Volume 43 Number 8
ISSN 0160-3345

SARA WHITNEY
Editor

DAN ROBINSON
Chief, Research
and Analysis

Design by Sara Whitney

ON THE COVER:

Downtown Anchorage in summer
2011, photo courtesy of Flickr
user Gator Chris
[Creative Commons license](#)

ALASKA
DEPARTMENT of LABOR
and WORKFORCE
DEVELOPMENT

Governor
Mike Dunleavy
Acting Commissioner
Catherine Muñoz

ALASKA ECONOMIC
TRENDS

4 ANCHORAGE'S
2ND CENTURY

11 SHIFTS IN ALASKA
CONSTRUCTION

14 GAUGING
THE ECONOMY

Trends is a nonpartisan, data-driven magazine that covers a variety of economic topics in Alaska.

ON THIS SPREAD: The background image for 2023 is a flipped aerial view of tidal channels on the Copper River, taken by Flickr user Banco de Imágenes Geológicas. License: creativecommons.org/licenses/by-nc-sa/2.0/

If you have questions or comments, contact the authors listed at the end of each article or the editor at sara.whitney@alaska.gov or (907) 465-6561. This material is public information, and with appropriate credit it may be reproduced without permission. To sign up for a free electronic subscription, read past issues, or purchase a print subscription, visit labor.alaska.gov/trends.

Anchorage, the second century

City slowly bouncing back from multiple setbacks

By NEAL FRIED

We marked Anchorage's centennial in [the December 2014 issue of Trends](#) with a look at the first 100 years of Anchorage's economy, beginning in 1915. That year, the Alaska Engineering Commission chose the area for its railroad construction headquarters, although it wasn't completed until 1923 because of a labor shortage and supply chain issues.

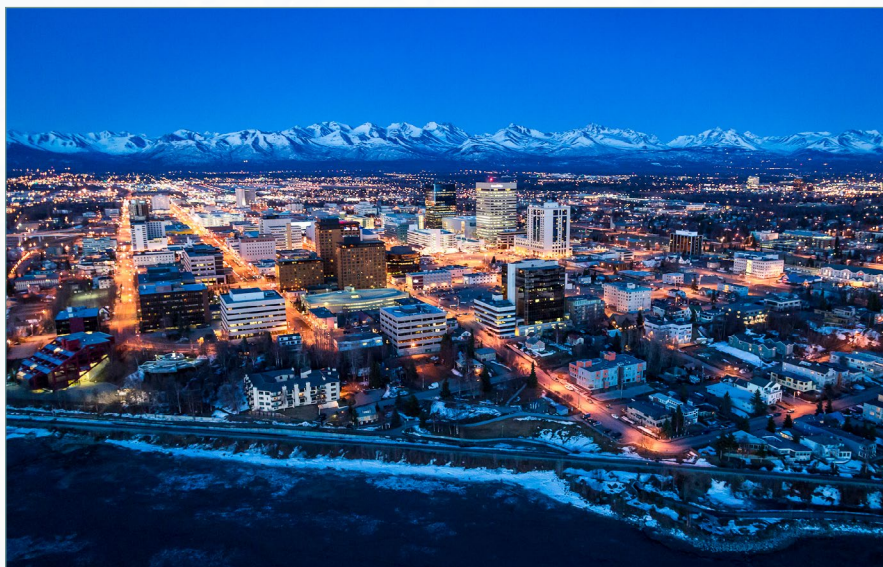
That makes 2023 the centennial of the Alaska Railroad, and it's a fitting year for a follow-up on Anchorage's economy. If the railroad hadn't picked Ship Creek to set up shop, Anchorage might not exist today.

Anchorage's economic picture looks quite different today than it did when we left off at the end of 2014, not knowing the city was about to enter a new economic period.

2000 to 2015: The millennium got off to a good start in the city

Anchorage's new millennium launched on a high note. Federal spending flowed in, oil activity was on the upswing, and mineral and fish prices were strong. The 2013-2014 visitor season in Anchorage hit the million mark. The health care industry also became a force to reckon with, and its robust growth made it the city's largest private-sector employer. Health care employment in Anchorage doubled between 2000 and 2015, reaching 19,200 and cementing the city as Alaska's medical center.

By 2013, the economy showed signs of weakening. The federal largesse of earlier years was drying up



Anchorage at night, photo courtesy of Flickr user [Rick A. Fogerty](#)

and budget cuts reduced the federal workforce. However, the economy limped on a bit longer.

Between statehood in 1959 and the turning point in 2015, Anchorage's economic growth stood out nationally, with employment growing at more than four times the U.S. rate. One of Alaska's preeminent historians once described Anchorage as an economy that just kept on booming.

By 2015, total employment reached 157,000, which to date remains the peak, as the graph on the next page shows. The next year ushered in one of Anchorage's hardest economic periods in its 100-year history.

2016 to 2019: The economy stalled even before COVID

Starting with a whimper, 2016 was the beginning of Anchorage's first recession since the 1980s and also the longest, lasting until 2020. We forecasted the recession would end in 2020, but then COVID-19 hit,

extending the downturn for at least another year.

Anchorage's experience stood in stark contrast to the nation's. The U.S. economy kept racking up record job levels in 2016 and near-record low unemployment rates, continuing one of the longest periods of uninterrupted economic expansion in U.S. history. That had consequences for Anchorage's labor market.

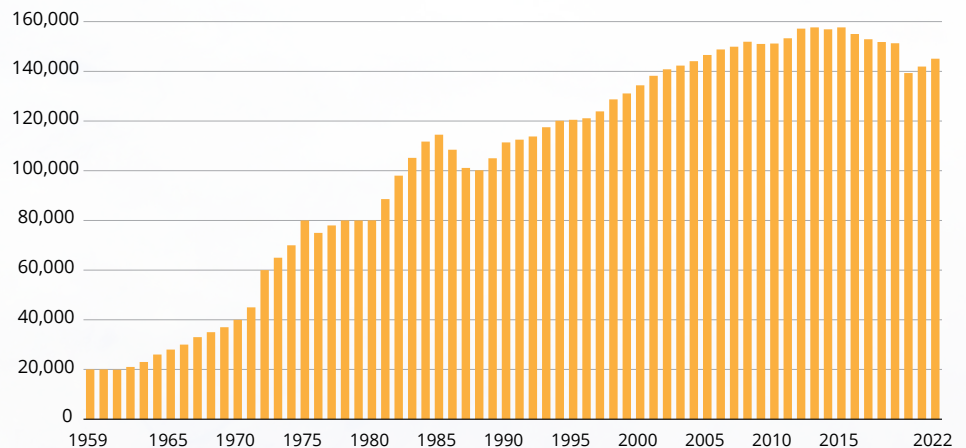
Growth evaporates with the oil shock

Oil prices had averaged \$90-plus per barrel between 2011 and 2014, infusing the state with revenue and boosting the oil industry. In late 2014, the industry hit a new statewide record of more than 15,000 jobs.

But prices fell by half in 2015 and remained low for the next five years. As the oil industry's Alaska headquarters and at that time the largest supplier of labor to the North Slope, Anchorage felt the losses reverberate throughout its economy. Oil industry employment followed the price trajectory, dropping below 10,000 total jobs by 2017.

Several noteworthy events in the oil patch

Yearly total job counts in Anchorage since 1959



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

punctuated this era of low prices. At the end of 2015, Shell pulled out of its large, ambitious offshore Arctic program, the logistics of which were based in Anchorage. Shell had spent \$7 billion and had little to show for it.

The next year, ConocoPhillips cut its capital budget in half. Right around the corner was the completion of Exxon's giant Point Thompson project, which largely ended that company's presence in Alaska. All of this resulted in 2,700 jobs lost in Anchorage in 2016.

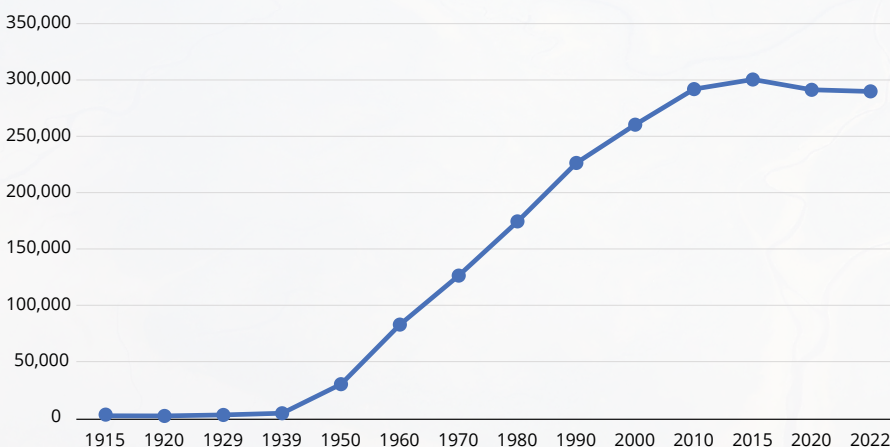
In 2019, BP, which for decades had been the larger of the two major Alaska oil producers headquartered in Anchorage, announced it was leaving the state. BP sold most of its assets to Hilcorp, further reducing oil industry employment and especially in Anchorage, as Hilcorp's smaller workforce disproportionately removed jobs from headquarters.

Anchorage's direct oil industry job count, which peaked at 3,800 in 2015, fell to 2,500 by 2019. Statewide, the industry lost 4,300 jobs that year.

Other industries took a secondary blow

Oil industry woes weren't the only drag on Anchorage. Falling oil prices also pulled down state

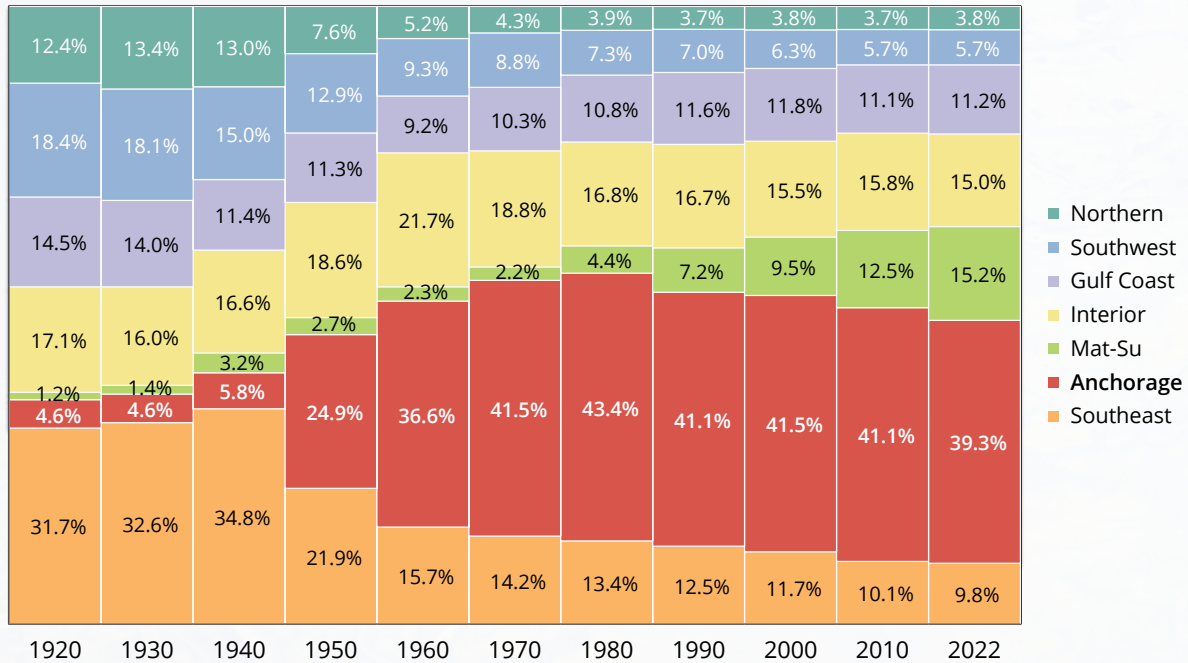
Anchorage's total population since 1915



Note: Population for 1915 is from the Alaska Engineering Commission

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

Anchorage's share of total Alaska population declined after 1980



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

revenues and therefore state government.

The state's capital budget was the first to take a drubbing. The fiscal year 2016 budget was the smallest in more than 15 years. Having peaked at \$3.7 billion in FY 2013, the budget reached less than half that in FY 2016, where it stayed for the next five years.

Construction employment losses followed, tied not just to capital budget cuts but to less oil industry activity and dwindling commercial construction. Residential construction also slowed; building permits dropped by half, from the 800s in 2014 and 2015 to a little more than 400 per year for the next five.

State employment, including the University of Alaska system, started to feel the pinch. Job cuts began in 2015 and by 2020, Anchorage had 1,100 fewer state government jobs, with the largest chunk taken from the University of Alaska Anchorage.

Professional and business services jobs were another casualty of the oil and construction decline. Architectural, engineering, environmental, and other consulting services made up half of the sector and thrived on projects throughout the state. This category lost jobs every year after 2015, and by 2019, it was down by 2,500.

A long struggle for stores began

This era also marked the start of retail's struggle, which continues today. Retail was once the city's largest private-sector employer, but its employment has been on a downward slide since peaking in 2015 at 18,100 jobs. Retail had to contend with the recession, where less money was circulating in the economy, and battle the growing number of massive online retailers at the same time.

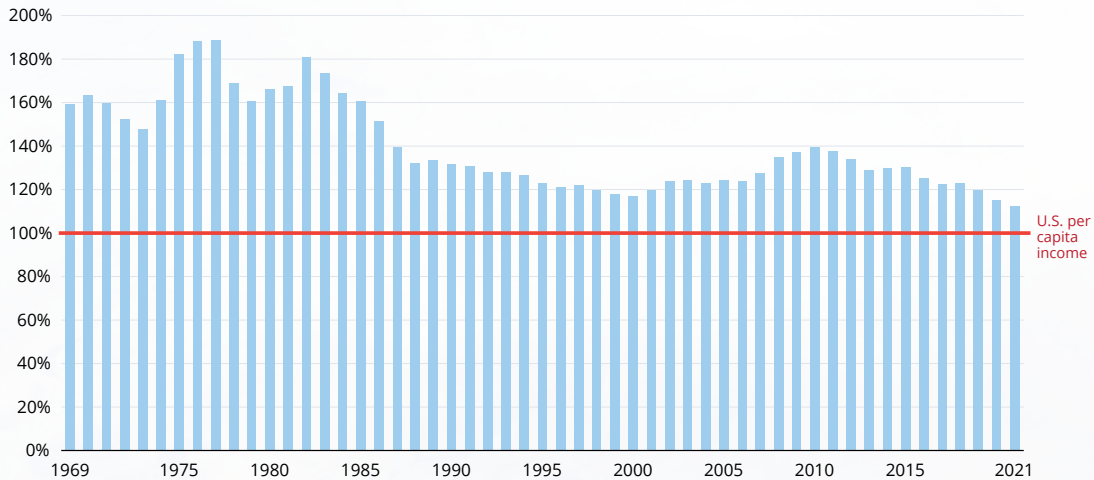
By 2019, Anchorage retail employment had dropped to 16,500. Iconic retailers such as Nordstrom, Sears, two Sam's Club warehouses, Toys "R" Us, and Bed Bath and Beyond all closed their doors for good.

Tourism, health care were economic bright spots before COVID arrived

Tourism continued to thrive because its fate is tied to the health of the nation's economy, which flourished during the pre-COVID years. Cruise ship passenger and other visitor counts continued to climb, and out-of-state convention traffic was strong.

Gross hotel rentals in Anchorage climbed from \$242 million in 2016 to \$298 million in 2019, and several new hotels went up during that period. Visits to nearby national parks such as Kenai Fjords also peaked in 2019.

Anchorage per capita income as a percentage of U.S.



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

Health care remained a boon for most of those years, continuing its growth streak of the previous decade. Health care generated more than a third of all new jobs in Anchorage from 2005 through 2015, and the continuation of the Affordable Care Act and Medicaid expansion accelerated that trend.

Demographics also drove this growth, as Alaska's population was getting older, raising demand for medical services. Per capita, medical expenditures for senior citizens are more than three times higher than for the rest of the population.

The state's 65-plus population grew 73 percent during the 2010s, reaching 95,185, while the state grew just 3 percent overall.

By 2019, the health care industry was 1,800 jobs larger than in 2015, but its growth rate had slowed and in 2019 it didn't grow at all.

2020 to 2022: COVID compounds the obstacles for Anchorage

After those difficult few years, another unforeseen bombshell came around the corner.

In the January 2020 issue of *Alaska Economic Trends*, we predicted the Anchorage recession would end in 2020 and employment would tick up. We said the oil industry was positioned to recover, a record number of visitors was in the works, construction would see modest growth, and plenty of other good things were probably going to happen to Anchorage's economy — but we all know how that

turned out. Instead, 2020 became not just one of the city's roughest years but also the strangest.

Many industries suffered, but some outcomes were counter to expectations

Anchorage lost nearly 12,000 jobs in less than 12 months when COVID hit, the biggest annual loss in history including the epic bust of the 1980s. It took three years during the '80s recession to lose so many jobs.

Anchorage unemployment hit a record 12.2 percent in April 2020 and the number of unemployment insurance claimants leaped from 7,219 in 2019 to 31,904 in 2020. Every industry except the federal government suffered, although the degrees of damage varied.

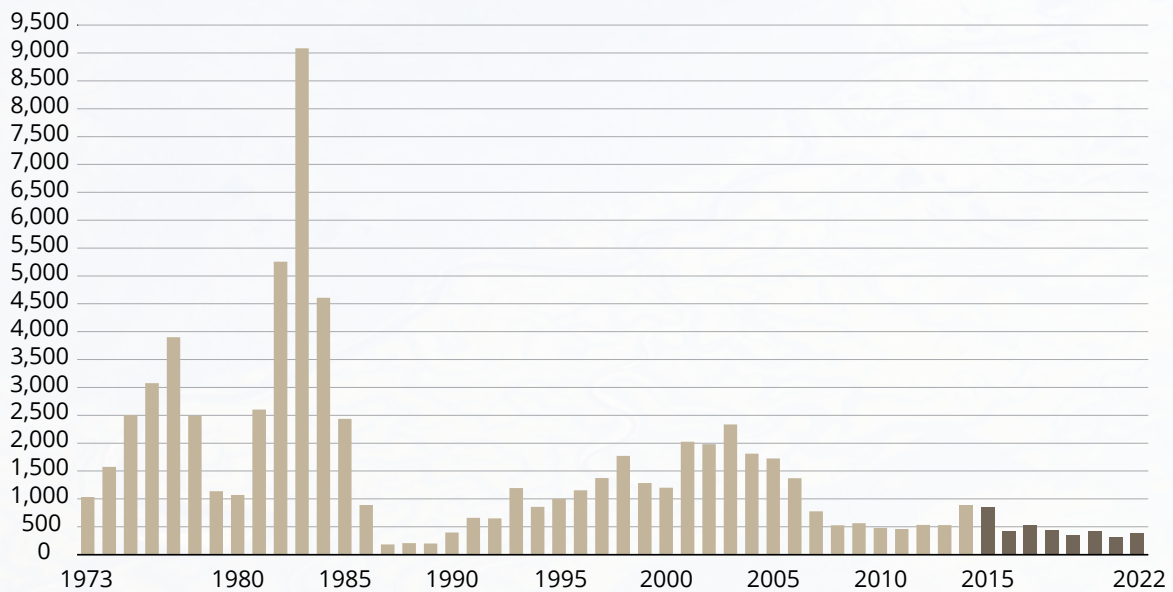
The visitor rapture of 2020 was the stuff of legend. Anchorage hotel employment was just 2,095 in June, down from 3,864 the previous June. Hotel room sales fell from \$298 million in 2019 to \$145 million in 2020, and the story was similar for car rentals and restaurants. A long list of restaurants closed and others operated with reduced hours and services.

Overall, the leisure and hospitality sector in Anchorage had 7,800 fewer jobs in April 2020 than in April 2019, a job count not seen since 1993.

As mentioned earlier, Anchorage retail had been struggling before COVID, partly because of e-commerce's inroads, but the pandemic created an explosion of new online shoppers.

Not all retail suffered. Stores selling groceries did

Anchorage building permits remained sparse in recent years



Source: Municipality of Anchorage

well in 2020, benefitting from the drop-off in eating out, and the same was true for home improvement stores, which handled increased demand as people stayed home and took on new projects.

Anchorage marijuana sales continued to rise, peaking at \$10.4 million in June 2020 from just \$6.7 million in February. Marijuana sales didn't hit that level again until December 2021.

Health care's reaction to the pandemic was a surprise. COVID seemed certain to boost demand for medical services, but providers faced closures and safety-conscious consumers. The industry's ambulatory slice — practitioners' offices and outpatient surgery — was affected most as nonessential services were suspended and people delayed elective procedures and preventive visits. May 2020 health care employment was 1,200 below the previous May. Even hospitals lost jobs.

Other consequences were unexpected but not all negative. Some industries thrived.

Personal income shot up and kept rising

Anchorage's total personal income grew from \$19.7 billion in 2019 to \$20 billion in 2020, and per capita income rose from \$67,317 to \$68,815, despite all the lost wages. The federal government sent record amounts of income support to nearly all residents, from stimulus checks and rental assistance to

enhanced and extended unemployment benefits. Many unemployment claimants earned more from their benefits than from the job they lost.

Total personal income and per capita income both grew in 2021 and when 2022 data are released for Anchorage, they will surely be a repeat. Statewide 2022 data showed robust income growth.

Anchorage's per capita income has lost considerable ground to the U.S. over the years, though, as national income has grown faster. (See the graph on the previous page.)

Real estate numbers were a mixed bag

The number of new homes permitted in Anchorage *increased* slightly in 2020 (see the graph above), spurred on by record low interest rates, and home sales jumped 17 percent to a 13-year high — both surprising given the economic tumult and uncertainty.

From 2019 to 2021, Anchorage home sales increased from 3,721 to 5,049 — the best numbers since 2006. And after many years of stagnant home prices, the average price of a home in Anchorage went from \$389,477 in 2019 to \$468,843 in 2022 and inventory fell to record lows.

Home sales began to slow in 2022, though, as interest rates increased.

One industry thrived and hit new heights

One Anchorage industry flourished during the COVID years. Transportation hit record job levels by 2021 and its growth continues.

In 2020, airline traffic collapsed initially but other parts of the industry took up the slack, with international air cargo traffic increasing dramatically with more e-commerce, national shipping port delays, and pandemic-related cargo. Courier services such as FedEx and UPS were tied to the e-commerce flood as well as fast delivery, and both have a large presence in Anchorage.

The Ted Stevens Anchorage International Airport's cargo ranking climbed to the third-busiest cargo port in the world in 2022 as a result. Passenger traffic and other transportation-related services have also recovered.

Why recovery is ongoing but slow

Although the COVID recession was the shortest on record, it was catastrophic and unpredictable and it hasn't fully played itself out in Anchorage. The city clawed back 2,700 and 3,600 jobs in 2021 and 2022, respectively, and 2023 is on the same track. However, full job recovery is unlikely until 2024. (See the graph on this page.)

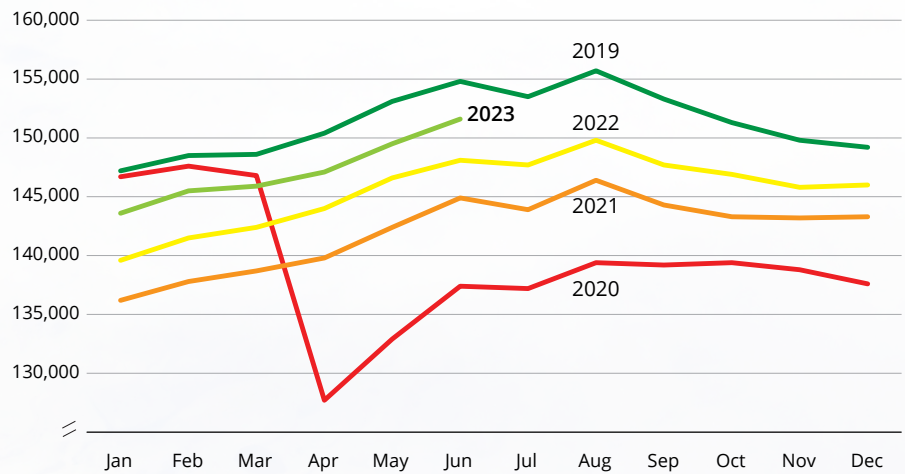
The national story has, again, been very different. U.S. employment had fully recovered and resumed growing by early 2022, racking up record job numbers.

Anchorage is recovering slower than most places because it entered the pandemic with little economic momentum and the oil industry has shown few signs of bouncing back.

Population, migration losses have dragged on for a record time

Persistent population losses have put a damper on recovery, and this streak has gnawed at the city's economy and social psyche for most of the past decade. The population peaked at 302,127 in 2013

Anchorage post-COVID job recovery ongoing



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

then declined, and after a slight rebound in 2016, it decreased for five years straight, to 289,697 in 2021. That put Anchorage below its 2010 Census count of 291,826. It also marked the longest stretch of negative net migration — in-movers minus out-movers — in Anchorage's history.

The hot national economy of more than a decade is often cited as one of the reasons. Fewer Americans have wanted to relocate, and this has hurt Alaska, as the state depends on the annual inflow of workers from elsewhere.

While the population has shrunk before, the drain has never lasted this long. In 1915, thousands of workers flocked to Anchorage and were hired to build the Alaska Railroad, but a couple of years later, construction slowed because the railroad couldn't find enough workers. World War I was on, and many were drafted. Others left for better employment prospects in a booming national economy. But that trend didn't last.

The national economy may need to soften considerably for Anchorage's current negative migration trend to reverse.

The job market is hot, but that's bittersweet

One might logically assume Anchorage's labor market would be abysmal for job seekers after losing so much ground, but the opposite is true. The job market is another apparent economic contradiction of the last few years.

The past two years have been extraordinary for job seekers and a monster challenge for employers everywhere. In April 2020, Anchorage's unemployment hit a record 12.2 percent, but in 2022 it fell below 4 percent and hasn't risen above that since, hitting a low of 2.6 percent in August and September. It remains low this year.

The average annual wage in Anchorage grew from \$60,024 in 2019 to \$67,944 in 2022, slightly outpacing inflation.

Statewide, there were two job openings for every job seeker starting in February 2022, and if data existed for Anchorage specifically, the numbers would probably be even more extreme.

A lack of available workers restricting employment growth was a first. Across industries, employers had to raise wages and often cut hours or services because they were short-staffed. Some even closed.

The reason is a simple math problem. Fewer people have been moving to the state as the national economy has far outperformed us for more than a decade, leading to record-low state-to-state population mobility. At the same time, more of the large baby boomer generation has reached retirement age, and during the pandemic, some retired early.

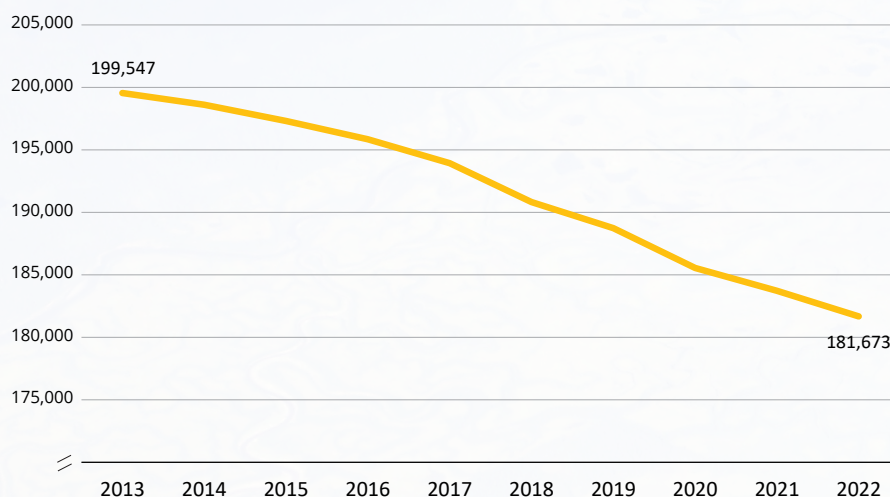
Between 2013 and 2022, Anchorage's working-age population (ages 18 to 64) dropped from 199,547 to 181,673. (See the graph above.) The labor force participation rate has also been generally declining for more than 20 years, with the long-term aging-out of the baby boomers being the largest contributor.

As with any economic trend, these factors won't be permanent. The labor force participation decline might be reaching its natural end, and if the nation goes into a recession, as some predict, these conditions will probably flip.

The outlook for the next few years

In the short run, Anchorage's economy will continue to recover its COVID-related losses. The outlook

Long decline in city's working-age population



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

is mostly positive for the visitor, mining, oil, and construction industries. Supply chain problems have faded, and the massive federal infrastructure bill will boost the economy even more in the next few years.

The state's fiscal picture will remain a drag on Anchorage's growth, however, and recovering the job losses of the pre-COVID years remains a larger, looming challenge once pandemic losses are in the rearview mirror.

It remains to be seen how global developments will affect Anchorage, but negative events elsewhere have often benefitted Anchorage in the past.

Besides the construction of the railroad, the Cold War, World War II, and world oil embargoes were the most important events in Anchorage's economic history. The two wars made the military a pillar of Anchorage's economy and the oil embargo spurred construction of the Trans-Alaska Pipeline, which transformed the city.

Looking forward, the Northwest Passage could become a major shipping lane as sea ice thaws with climate change, for example, something that would likely spur opportunities for Anchorage in the coming decades.

Neal Fried has been an economist in Anchorage since 1978. He retired in July, and this is the last of nearly 300 articles he has written for *Trends*. Contact economist Karinne Wiebold at (907) 465-6039 or karinne.wiebold@alaska.gov with questions about this article.

Shifts in Alaska construction jobs

Industry weathered the pandemic better than most

By SARA TEEL

During the first two years of the pandemic, lumber prices skyrocketed and hardware stores' sales hit records. Many people took on home improvement projects, and the shutdowns, remote work, and stimulus money drove up demand for building supplies and contractors to help remodel or expand.

This flurry of activity cushioned the blow to the construction industry in Alaska, which fared better than most industries during COVID and far better than it had during the previous decade's recession when it lost nearly 14 percent of its jobs.

In 2020, the construction industry lost about 3.6 percent of its employment while Alaska lost 8 percent overall. Of all the jobs Alaska lost that first pandemic year, only about 2 percent were from construction.

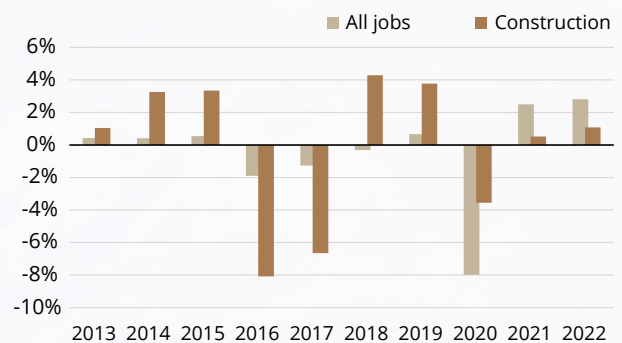
The industry has been slower than the state to recover its losses — the parts of the economy hit hardest have tended to bounce back at higher rates initially. As of 2022, construction had gained back about half of the jobs it lost, putting its job count about 2 percent below 2019.

Reshuffling among regions and in the types of work

The Anchorage/Matanuska-Susitna and Southeast regions have recovered and surpassed their pre-pandemic job levels, with Anchorage/Mat-Su construction employment up 1.5 percent over 2019 and Southeast by 7 percent. Interior construction employment still lags behind 2019 by almost 12 percent.

The balance of jobs by area has shifted somewhat since then, with the Matanuska-Susitna Borough increasing its share of the Anchorage/Mat-Su Region's construction from 25 percent in 2019 to 31 percent in 2022, which parallels Mat-Su's overall economic

How Alaska construction jobs weathered economic downturns



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

and population growth. (See the June 2023 issue of *Trends*.)

Just over 50 percent of new single-family homes built in Alaska in 2022 popped up in Mat-Su. Twenty-three percent were built in Anchorage.

The types of work have also changed with the pandemic. While the industry's broad makeup has remained about the same — 30 percent building construction, 25 percent heavy and civil engineering construction, and 45 percent specialty trades — there's been some reshuffling within.

Building construction shifted by about 5 percentage points from nonresidential to residential construction. For heavy and civil engineering, employment moved about 8 percentage points from utilities construction to highway, street, and bridge construction.

See the next page for more on these categories.

Funding and major projects ahead

Federal infrastructure and military spending plus

strong housing demand will further buoy the industry in the next few years.

Congress passed the \$550 billion Infrastructure Investment and Jobs Act in late 2021, which allotted \$4.9 billion for Alaska. The act will fund 370 projects so far, ranging from \$2,796 for Gunnak Creek Hydro in Kake to more than \$360 million for highways across the state.

The top 20 projects, shown in the table at right, represent almost half of Alaska's allotment. Construction companies will be the primary recipients.

Continued supply and labor constraints could create bottlenecks. According to the Associated Builders and Contractors, the national construction industry is about a half-million workers short of what it needs in 2023, and while lumber prices have decreased from the pandemic peaks, periodic shortages of various construction materials persist.

On top of the infrastructure allotment, the U.S. Department of Transportation awarded funds under a grant program that the infrastructure act expanded in 2021. Alaska will receive \$27.8 million for four projects: \$16.5 million for Juneau to complete the final design and document development for a second bridge to Douglas Island, \$10 million for road improvements between Kake and Petersburg, \$1 million for the State of Alaska to create a list of projects that will better connect Alaska communities, and \$380,000 to the Bristol Bay Native Corporation for a Koliganek-to-Aleknagik road study in the Dillingham area.

The National Defense Authorization Act for fiscal year 2023 includes \$332 million in military construction and equipment for Alaska and other arctic areas around the globe. The projects include \$63 million for an aircraft maintenance hangar at Joint Base Elmendorf-Richardson in Anchorage and a \$50 million upgrade for Fort Wainwright recreational facilities in Fairbanks.

Alaska's large military presence will likely increase in the coming years, given the state's proximity to Russia and China and the Arctic's marine shipping potential as climate change decreases sea ice.

Top 20 Alaska infrastructure act-funded projects

Funding	Community	Project
\$362,707,359	Statewide	National Highway Performance Program
\$250,000,000	Nome	Port of Nome
\$209,000,000	Statewide	Rural Ferry Service
\$187,000,000	ALCAN Border	ALCAN Border Station
\$185,000,000	Seward	Lowell Creek
\$176,452,228	Statewide	Surface Transportation Block Grant
\$130,000,000	Kodiak	Coast Guard Base Kodiak Fuel Pier Upgrade
\$88,000,000	North Pole	Moose Creek Dam
\$77,401,427	Statewide, Anchorage, Fairbanks	Federal Transportation Administration FY22 Apportionment
\$75,000,000	Statewide	Denali Commission
\$68,700,000	Anchorage	Port of Alaska
\$52,600,000	Calista Region	Calista for fiber across 10 villages in region
\$45,000,000	Statewide	Bridge Formula Program
\$42,000,000	Bethel, Platinum, Eek, Napaskiak, Oscarville	Bethel Native Corporation for fiber network
\$40,000,000	Kodiak	Coast Guard Base Kodiak Housing
\$40,000,000	Kodiak	Coast Guard Base Kodiak Childcare Development Facility
\$39,902,549	Statewide	Highway Safety Improvement Program
\$35,625,580	Statewide	Alaska Marine Highway System: Federal Highway Administration Ferry Boat Program
\$34,885,420	Bristol Bay Region	Deploy fiber for the Bristol Bay region
\$33,017,636	Haines, Hoonah Angoon CA, Skagway	Alaska Telephone Company fiber-to-premises network

Source: U.S. Sen. Lisa Murkowski

More details about the industry

The categories of Alaska construction

Building construction, which makes up about 30 percent of the industry's jobs, includes residential, commercial, or industrial buildings. These companies may hire other construction companies to complete the work, often in the specialty trades. Examples include homes, hospitals, retail outlets, and canneries.

While heavy and civil engineering construction (25 percent) companies may build buildings, they aren't the primary focus. These companies concentrate on large projects needing specialized equipment such as asphalt pavers or dragline excavators. Highways, bridges, dams, parks, refineries, pipelines, and railroads are examples of heavy and civil engineering construction projects.

Companies in specialty trades (45 percent of the industry) are contracted to work on parts of a construction project but are not responsible for the entire project. Examples include pouring concrete, site preparation, plumbing, painting, and electrical work.

It's not unusual for a construction project to span all three categories.

Wages are high but inflation took a toll

Construction represents about 7 percent of all private-sector jobs, making it the fifth-largest industry in Alaska. Its pay is second-highest, though, with an average annual wage that tops the Alaska average by nearly \$20,000. In 2022, construction's average annual wage was \$85,079.

Construction wages are a distant second to the mining industry, which includes oil and gas. Mining paid 82 percent more last year on average, at \$155,072.

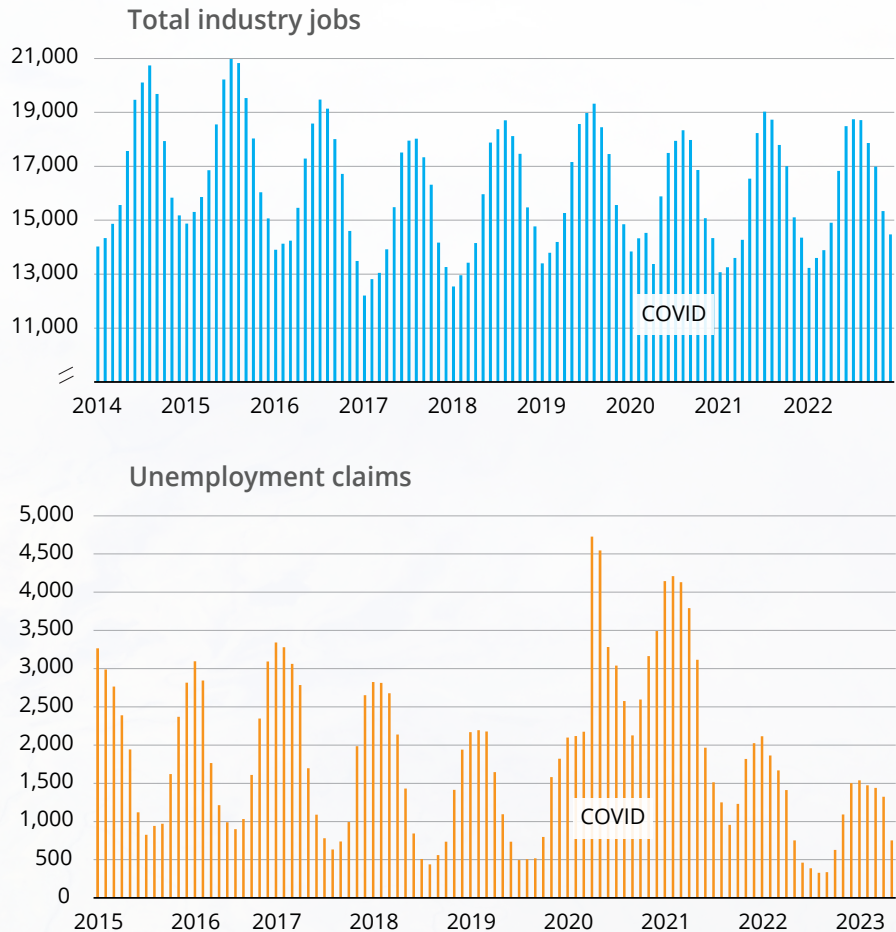
While the construction industry is high-paying, its recent increases didn't keep up with inflation. Wages in 2022 were about \$4,000 higher than in 2019, but just breaking even with inflation over those three years would have required a \$10,000 boost.

The job count is 5,900 higher in the summer

Construction is seasonal in most places but especially in Alaska, which has about 5,900 fewer construction jobs in winter than summer. The industry's unemployment benefit claims reflect that seasonal swing, as the graph on this page shows.

While 2019 had logged fewer claims than the previous few years, construction workers' claims skyrocketed during the pandemic. Then, as the economy rebounded, construction claims fell in 2022 to the lowest summer level in a decade.

Jobs, claims show construction's seasonality

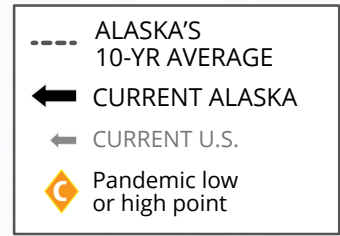


Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

The unemployment rate was low last year and the number of job openings hit record highs. While high numbers of job openings have been a national phenomenon in recent years, mainly because of demographic shifts, Alaska's 10 years of net migration losses contributed to an even smaller worker pool for the construction industry.

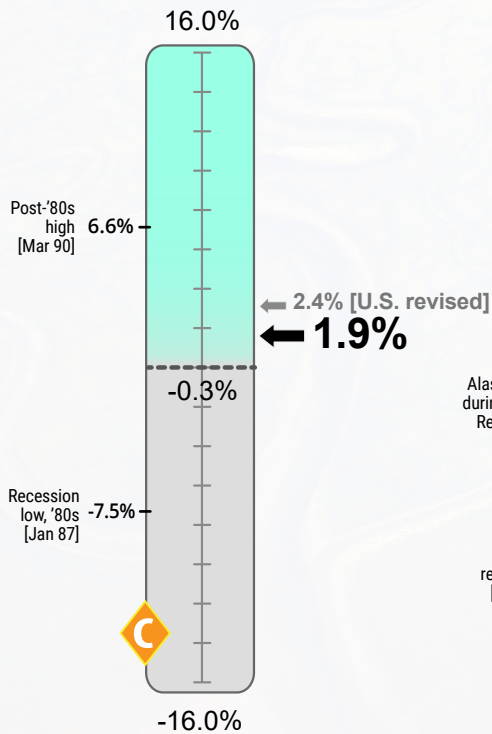
Sara Teel was an economist in Juneau, and this is her last *Trends* article. Contact economist Dan Robinson at (907) 465-6040 or dan.robinson@alaska.gov with questions about this article or the construction industry.

Gauging The Economy



Job Growth

June 2023
Over-the-year percent change

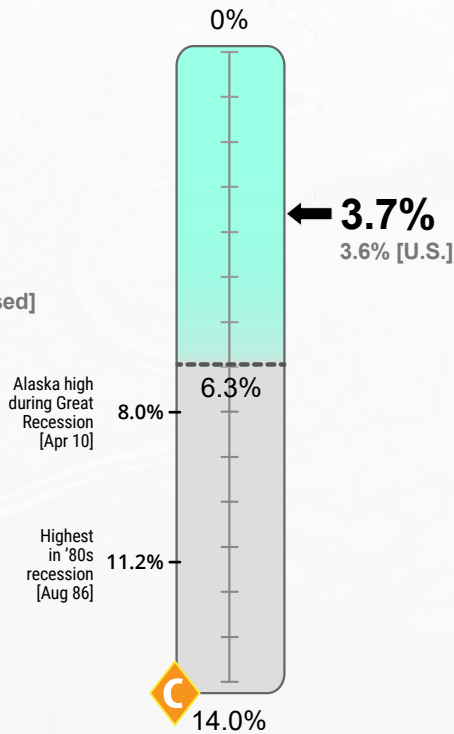


Alaska's June employment was 1.9 percent above last June but 2.0 percent below June 2019, before the pandemic.

National employment, which was up 2.4 percent from June 2022, was 3.5 percent above its 2019 level.

Unemployment Rate

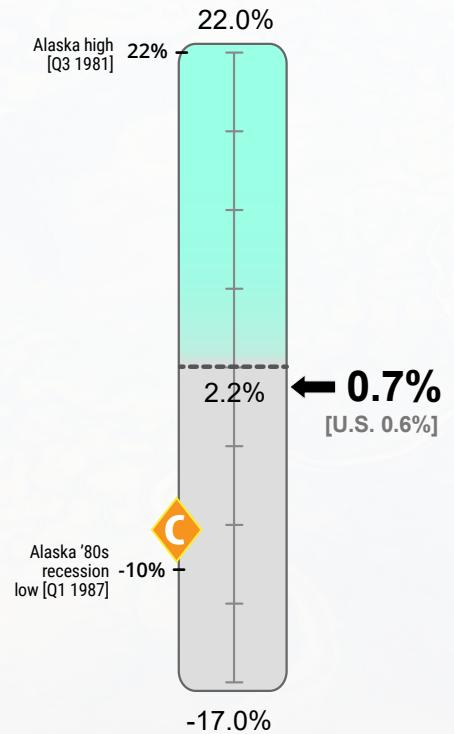
June 2023
Seasonally adjusted



Alaska's unemployment rate has been less useful as an economic measure during the pandemic and its aftermath because of data collection difficulties.

Wage Growth

4th Quarter 2022
Over-the-year percent change



After being well down during the second and third quarters of 2020, total wages paid by Alaska employers climbed back above year-ago levels and has remained there since the second quarter of 2021.

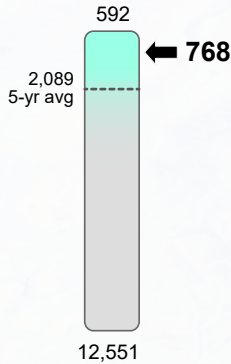
Wages were up 0.7 percent from year-ago levels in the third quarter of 2022 and 11.1 percent above fourth quarter 2019.

Gauging The Economy

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

Initial Claims

Unemployment, week ending July 8, 2023*

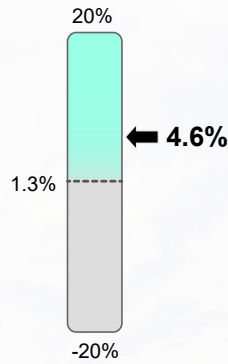


Unemployment claims jumped in the spring of 2020 with the pandemic as many businesses shut down or limited services. Pandemic-driven claims loads have fallen, and new claims for benefits are well below their long-term average.

*Four-week moving average ending with specified week

GDP Growth

1st Quarter 2023
Over-the-year percent change*

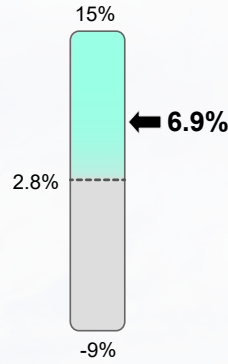


Gross domestic product is the value of the goods and services a state produces.

*In current dollars

Personal Income Growth

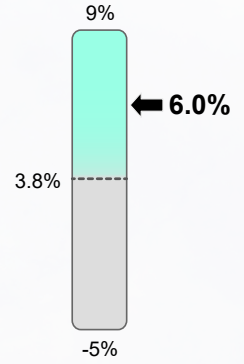
1st Quarter 2023
Over-the-year percent change



Personal income consists of three main parts: 1) wages and salaries; 2) dividends, interest, and rents; and 3) transfer payments (payments from governments to individuals).

Change in Home Prices

Single-family, percent change from prior year, Q1 2023*

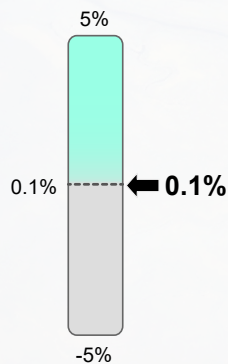


Home prices shown include only those for which a commercial loan was used. This indicator tends to be volatile from quarter to quarter.

*Four-quarter moving average ending with specified quarter

Population Growth

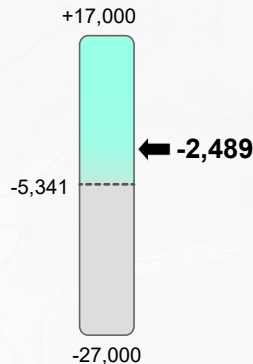
2021 to 2022



After four years of decline, Alaska's population grew slightly in 2021 and 2022, as natural increase (births minus deaths) slightly exceeded losses from migration.

Net Migration

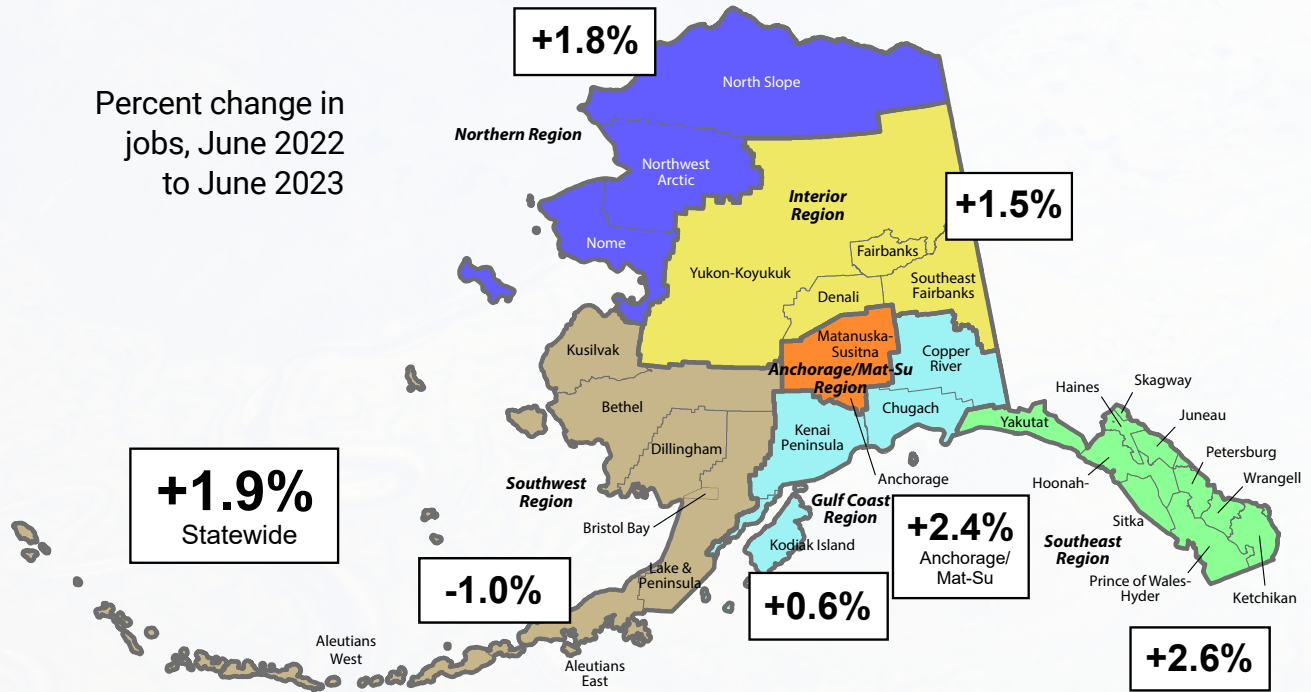
2021 to 2022



The state had net migration losses for the tenth consecutive year in 2022, although the losses have become smaller. Net migration is the number who moved to Alaska minus the number who left.

Employment by Region

Percent change in jobs, June 2022 to June 2023



Unemployment Rates

Seasonally adjusted

	Prelim.		Revised
	6/23	5/23	6/22
United States	3.6	3.7	3.6
Alaska	3.7	3.6	3.9

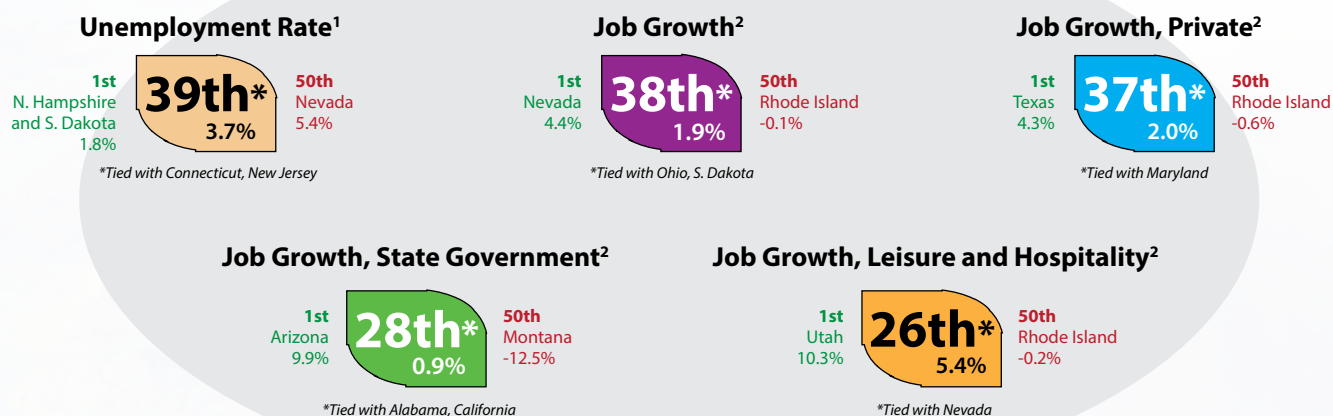
Not seasonally adjusted

	Prelim.		Revised
	6/23	5/23	6/22
United States	3.8	3.4	3.8
Alaska	4.3	3.7	4.1

Regional, not seasonally adjusted

	Prelim.			Revised				Prelim.			Revised		
	6/23	5/23	6/22	6/23	5/23	6/22		6/23	5/23	6/22	6/23	5/23	6/22
Interior Region	4.2	3.6	4.0	Southwest Region	7.8	7.6	7.2	Southeast Region	3.6	3.1	3.5		
Denali Borough	3.1	3.9	3.2	Aleutians East Borough	2.0	3.4	1.8	Haines Borough	5.1	5.0	5.2		
Fairbanks N Star Borough	3.9	3.3	3.8	Aleutians West Census Area	3.3	4.4	3.3	Hoonah-Angoon Census Area	3.7	3.9	3.7		
Southeast Fairbanks Census Area	5.8	4.8	4.8	Bethel Census Area	10.1	9.0	9.6	Juneau, City and Borough	3.1	2.5	2.9		
Yukon-Koyukuk Census Area	8.9	8.4	7.3	Bristol Bay Borough	2.8	3.2	2.9	Ketchikan Gateway Borough	3.5	3.0	3.5		
Northern Region	7.9	6.8	7.7	Dillingham Census Area	7.2	5.7	6.3	Petersburg Borough	4.9	4.3	5.6		
Nome Census Area	8.1	6.8	7.6	Kusilvak Census Area	18.1	13.5	15.5	Prince of Wales-Hyder Census Area	6.4	5.6	5.3		
North Slope Borough	5.7	4.9	5.7	Lake and Peninsula Borough	5.7	5.0	5.3	Sitka, City and Borough	2.9	2.5	3.0		
Northwest Arctic Borough	10.0	8.9	9.8	Gulf Coast Region	4.3	3.9	4.1	Skagway, Municipality	2.6	2.7	2.7		
Anchorage/Mat-Su Region	3.9	3.3	3.9	Kenai Peninsula Borough	4.4	4.0	4.1	Wrangell, City and Borough	4.7	4.2	5.2		
Anchorage, Municipality	3.6	3.0	3.6	Kodiak Island Borough	4.0	3.3	4.1	Yakutat, City and Borough	6.3	4.9	4.7		
Mat-Su Borough	4.9	4.2	4.7	Chugach Census Area	3.4	3.6	2.5						
				Copper River Census Area	5.9	6.9	6.4						

How Alaska Ranks



Note: State government employment includes the University of Alaska.

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)	257.938	1st half 2023	252.271	+2.2%
Commodity prices				
Crude oil, Alaska North Slope, * per barrel	\$75.81	Jun 2023	\$120.27	-37.0%
Natural gas, Henry Hub, per thousand cubic feet (mcf)	\$2.47	Jun 2023	\$7.60	-67.5%
Gold, per oz. COMEX	\$1,970.90	7/20/2023	\$1,717.70	+14.7%
Silver, per oz. COMEX	\$24.96	7/20/2023	\$21.85	+14.2%
Copper, per lb. COMEX	\$3.83	7/20/2023	\$4.05	-5.3%
Zinc, per lb.	\$1.08	7/20/2023	\$1.39	-22.3%
Lead, per lb.	\$0.95	7/20/2023	\$0.91	+4.4%
Bankruptcies				
	52	Q1 2023	29	+79.3%
Business	4	Q1 2023	0	-
Personal	48	Q1 2023	29	+65.6%
Unemployment insurance claims				
Initial filings	2,947	Jun 2023	3,211	-8.2%
Continued filings	14,920	Jun 2023	16,453	-9.3%
Claimant count	4,034	Jun 2023	4,246	-5.0%

*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; NASDAQ; Alaska Department of Revenue; and U.S. Courts, 9th Circuit

EMPLOYER RESOURCES

Free fidelity bonds help employers and ex-offenders

Fidelity bonding is an effective job placement tool that helps concerned employers and at-risk job seekers and is proven to combat recidivism.

The Alaska Fidelity Bonding Program offers no-cost, no-deductible bonds to employers who hire at-risk employees such as ex-offenders, people recovering from substance abuse, those with poor work or credit histories, and workers who are not otherwise bondable.

Bonds insure employers against any job-related theft, forgery, larceny, or embezzlement by an employee, on or off the work site. Obtaining a free fidelity bond allows the employer to focus on a worker's skills and productivity while mitigating the risk of worker dishonesty. It is the only program that bonds ex-offenders.

While the self-employed are not eligible, employers can bond any full- or part-time, permanent or temporary, new or returning employee who meets the state's legal age requirement to work.

Under some circumstances, no-cost bonds may also be available to promote or retain at-risk workers. Bonds may be issued without the need to sign forms. It takes just a few minutes for job center staff to take down information about the employer, employee, and hire date for the bond to take effect.

Up to five \$5,000 bonds are effective for six months, with renewals through the Fidelity Bonding program available in some circumstances. Employers may also continue coverage directly with the underwriter if there were no claims in the first six months.

Visit labor.alaska.gov/bonding for more information about Alaska's Fidelity Bonding Program. To obtain bonds, contact your nearest Alaska Job Center at jobs.alaska.gov/offices.

Employer Resources is written by the Employment and Training Services Division of the Alaska Department of Labor and Workforce Development.