



ALASKA ECONOMIC
TRENDS
DECEMBER 2019

Construction's Winding Road

ALSO INSIDE
Commuting across Alaska

FROM THE COMMISSIONER

New interagency task force will support at-risk youth

By Dr. Tamika L. Ledbetter, Commissioner

Many of Alaska's at-risk youth face a range of obstacles during their transition to adulthood. Factors such as poverty, lack of positive parental involvement, homelessness, and academic deficiencies can make young people increasingly vulnerable and threaten their future success.

Many leaders in Alaska have expressed concern about the growing population of at-risk youth, especially those exiting the foster care system and the Division of Juvenile Justice's correctional facilities with few supports in place.

Targeted programs and services that promote stability and development can provide these at-risk youth with the opportunities and support they need to become successful adults, especially for those who are less inclined to ask for help. Case managers, school counselors, and health care professionals agree the toughest part of working with young people between 14 and 24 is maintaining regular contact, which is essential for follow-up services.

Coordinating public and private resources helps direct these services where they're needed most. One way the State of Alaska is demonstrating this commitment, and our belief in the difference employment can



make in the futures of at-risk youth, is through a new initiative facilitated by the Department of Labor and Workforce Development, in collaboration with multiple divisions in state government. Through a partnership with the Department of Health and Social Services, we've created a task force to coordinate and maximize

our departments' resources to improve outcomes for at-risk youth. This task force will include leadership from my department's Division of Vocational Rehabilitation, Alaska Workforce Investment Board, and AVTEC; and from Health and Social Services' Office of Children's Services' Independent Living Program and Division of Juvenile Justice.

The Department of Labor and Workforce Development has hired a program coordinator to oversee this collaboration and designate funding. I am excited about this partnership and confident the task force will improve the lives of many young Alaskans as we support their efforts to gain basic job skills, explore career options, and achieve financial independence.

Contact Dr. Tamika L. Ledbetter, Commissioner, 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).

DECEMBER
2019

Volume 39 Number 12
ISSN 0160-3345

SARA WHITNEY
Editor

DAN ROBINSON
Chief, Research
and Analysis

ON THE COVER:

Design by Sara Whitney

Miles Derr, one of the state's few certified tower crane operators, lifts roofing panels using a Liebherr Tower Crane during the 2015 remodel of the Andrew P. Kashevaroff State Library, Archives, and Museum in Juneau.
Photo by Kim Jones

ALASKA
DEPARTMENT of LABOR
and WORKFORCE
DEVELOPMENT

Governor
Michael J. Dunleavy
Commissioner
Dr. Tamika L. Ledbetter

ALASKA ECONOMIC TRENDS

4 CONSTRUCTION'S WINDING ROAD

Industry growing again but has a long road to full recovery

7 COMMUTES ACROSS ALASKA ARE COMMON

Alaska has more intrastate commuters than most states

10 GAUGING ALASKA'S ECONOMY

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

ON THIS SPREAD: The background image for 2019 is an aerial photo of rivers near Circle by Dr. Travis Nelson, who teaches at the Center for Pediatric Dentistry in Seattle. Nelson visited Alaska in May 2010 to provide dental care to children in Venetie, Circle, and Fort Yukon.

If you have questions or comments, contact editor Sara Whitney 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 online, or purchase a print subscription, visit labor.alaska.gov/trends.

Construction's Winding Road

Industry growing again but has a long road to full recovery

By NEAL FRIED

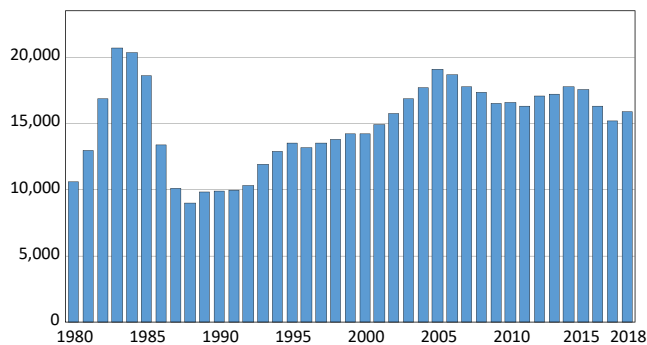
After two years of big job losses, Alaska's construction industry started growing again in 2018 and continued adding jobs in 2019. (See exhibits 1 and 2.) No single project is responsible for the reversal, although projects tied to Eielson Air Force Base and other military installations in the Interior plus an improving outlook for the oil industry are major factors.

It will likely take several years for the industry to recover its lost ground. Construction lost more than 2,400 jobs in 2016 and 2017, making it one of the biggest job-losers during the state recession. The industry added 600 jobs in 2018, and growth slowed only slightly in 2019.

If we use 2005 as a benchmark, construction has a longer road to recovery than

2 Jobs Last Peaked in 2005

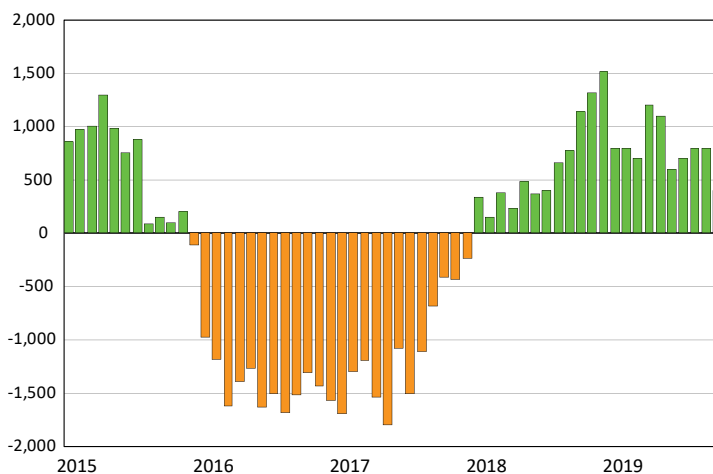
ALASKA CONSTRUCTION, 1980 TO 2018



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

1 Construction Began to Recover in '18

CHANGE FROM SAME MONTH PRIOR YEAR, 2015-19



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

most industries. (See Exhibit 2.) Most had been growing in the years before the recession, but construction employment hit its most recent peak in 2005, at 19,100 jobs, and then declined for the next six years.

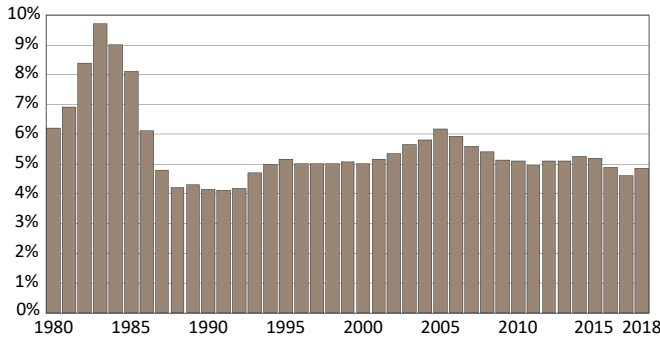
Role in the economy has changed

Construction can be a bellwether of economic strength, because it's visual evidence of growth and increased capacity for other industries to expand.

Historically, the construction industry often dictated the direction of Alaska's economy as well as its strength. In the 1940s, the construction boom tied to World War II and the military buildup was the reason the state's economy flourished. The same was true during the 1950s with the Cold War, and in the 1970s the economy was reshaped by construction of the Trans-Alaska Pipeline, the largest project in Alaska's history.

3 Construction Represents About 5% of Alaska Jobs

SHARE OF TOTAL, 1980 TO 2018



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

During peak construction in 1975 and 1976, the industry paid more than a third of the state’s wages. (In 2018, it was just 7 percent.) Then, in the early 1980s, record oil revenues prompted the state’s largest population surge to date, which launched another construction boom. The bust that followed wiped out more than half of the industry’s jobs (see Exhibit 2), and construction employment levels are still well below those heights.

Construction remained a large and volatile component of Alaska’s economy until the 1990s. Since then, its size and role in Alaska’s economy have transitioned into accommodating growth rather than leading it. Since peaking at nearly 10 percent of all wage and salary jobs in the early 1980s, the industry has remained within a narrow band of 5 to 6 percent of jobs during most of the last three decades. (See Exhibit 3.)

Total value has tracked with jobs

Although construction’s role in Alaska’s economy has changed, it remains essential. Besides building roads, houses, offices, stores, and restaurants, the construction industry is often where new money to the state is initially spent by the oil industry, federal government, tourism companies, and other outside investors.

The value of all construction spending in the state generally tracks with job numbers. (See Exhibits 4 and 5.) For example, the 2016 and 2017 job losses mirrored the \$1 billion-plus decline in construction value between 2015 and 2016, which led to a low in 2017 during the recession.

Military spending remains vital

Defense spending has long supported construction in

4 Total Construction Value Ticks Up After Big Drops

ALASKA VALUE IN BILLIONS, 2004 TO 2019

Value of all construction in Alaska, in billions



Sources: University of Alaska Anchorage ISER Annual Construction Forecast and Alaska Associated General Contractors

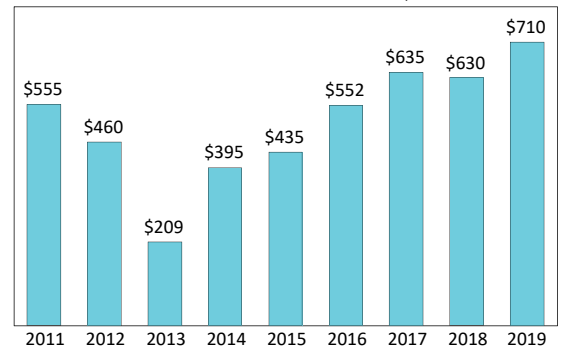
Alaska, dominating the industry starting in World War II and through the Cold War into the 1960s, which re-shaped the state. Numerous military installations are that period’s legacy, and their continued operation is an ongoing source of construction projects.

Ten percent of all construction spending in 2019 was tied to national defense, up 13 percent and \$80 million from the previous year. (See Exhibit 5.) A large share is the big military investment in reconstruction at Eielson Air Force Base, near Fairbanks, to accommodate the two full squadrons of F-35s that will arrive in 2020. Additional defense construction is under way elsewhere in the Interior, at Clear Air Force Base and Fort Greely, and is always in progress around the state at Joint Base Elmendorf-Richardson in Anchorage, Fort Wainwright in Fairbanks, and various Coast Guard bases.

5 Military Spending Grows

CONSTRUCTION RELATED, 2011 TO 2019

Value of all defense-related construction in Alaska, in millions



Sources: University of Alaska Anchorage ISER Annual Construction Forecast and Alaska Associated General Contractors

Number of new homes way down

Residential construction has dwindled in recent years. (See Exhibit 6.) In 2018, the number of new housing units was the smallest since 1993, when the state had 139,000 fewer people.

While the 2015-2018 recession took a clear toll on the housing market, Alaska had already been adding new housing stock at a slow pace for the entire decade, in line with its modest population growth.

Because of the big drop in oil revenues that began in fiscal year 2015, the past five years' state capital budgets can only be described as bare bones. (See Exhibit 7.) Most of the state revenues have simply been matches for federal dollars, a pattern that shows no sign of changing. The FY 2013 capital budget was 75 percent state-funded, but for FY 2019 it was just 25 percent and for FY 2020 it was 21 percent.

Residential construction's share of the industry's value was about 4 percent in 2018, though it represented nearly 11 percent of construction employment.

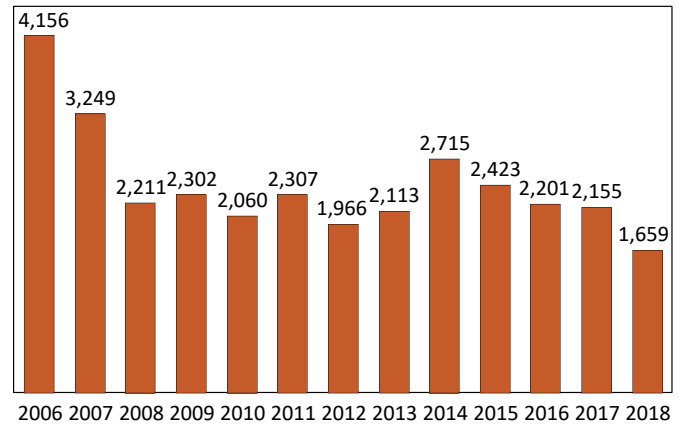
Most jobs based in Anchorage and Mat-Su, even if activity is elsewhere

The Anchorage/Matanuska-Susitna Region is home to more than half the state's construction jobs. (See Exhibit 8 on page 14.) It's important to note that Anchorage/Mat-Su and, to a lesser extent, the Interior are overrepresented in the employment data. Although the jobs are counted in these areas, the actual construction activity is more dispersed across the state.

Employment data are categorized by a firm's location.

6 Residential Building Is Down

NEW HOMES IN ALASKA, 2006 TO 2018



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

Projects are often nomadic and short-term, and trying to account for the location of the work and the residence of the workers is impractical. Instead, businesses report employment by where their headquarters are located. For example, a number of Eielson contracts were won by Anchorage construction firms, which means the jobs were reported in Anchorage even though the construction was in Fairbanks.

A look at the types of construction

Construction employment is divided into three major categories according to the type of work: construction of buildings, heavy construction, and specialty trade contractors.

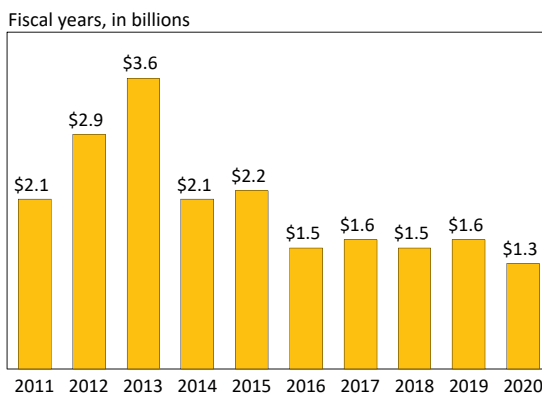
The buildings category is primarily for residential and commercial structures such as homes, hotels, institutions such as hospitals, and stores. Heavy construction firms handle large projects ranging from infrastructure such as roads and bridges to pipeline construction, other oil and gas work, power plants, and other heavy and civil and defense projects. The largest category, specialty contractors, focuses on jobs such as painting, plumbing, electrical work, concrete, framing, glass, and erecting structural steel. In many cases, a project involves all three categories.

Heavy construction is a larger part of the industry in Alaska than nationwide, at 26 percent versus 14 percent, because Alaska has more infrastructure projects. That percentage has also increased in recent years — not because Alaska is building more large infrastructure, but because we're constructing fewer residential

Continued on page 14

7 Bare Bones Capital Budgets

ALASKA, FISCAL YEARS 2011 TO 2020



Source: Alaska Division of Legislative Finance

Commutes Across Alaska Are Common

Alaska has more intrastate commuters than most states

By ROB KREIGER

Like a lot of things in Alaska, our work commutes can be extreme. More than 2,500 people who live in the Matanuska-Susitna borough, for example, “commute” about 500 miles to work in the North Slope Borough for shifts lasting a week or more. More similar to Lower 48 commuters are the nearly 13,000 Mat-Su residents who drive to Anchorage to work every day.

Setting aside all the nonresidents who work in Alaska — about 20 percent of all workers in Alaska — this article focuses on intrastate commuting by Alaska residents. Much of that commuting occurs because of the combination of high-wage industries and remote work sites, such as the North Slope oil fields or the hard rock mining that takes place far from population centers. Other industries with highly seasonal work, such as seafood processing and tourism, also depend on other parts of the state to provide at least some of their workers during peak months.

Most do live where they work

In nearly all of Alaska’s boroughs and census areas, the vast majority of those who live there also work there. This is particularly true in larger cities not associated with highly seasonal industries and in smaller areas without much fishing or tourism. (See Exhibit 1.)

Of the 322,134 resident workers in 2017, 85 percent lived in the area where they worked. Kodiak, Sitka, and Prince of Wales-Hyder had the highest percentages of local workers. Working Alaskans in these areas as well as in Kenai, Juneau, and Wrangell were all over 90 percent local.

Sitka and Prince of Wales-Hyder both have high percentages of locals working in local government, and employ few Alaskans from elsewhere. Kodiak is somewhat unusual in that its seafood processing, an industry that typically draws in workers from around the state,

1 Percent of Alaskan Workers Who Are Locals, By Area

ALASKA, 2017

Borough or Census Area	Resident Workers Who Are Local
Kodiak Island Borough	93.1%
Sitka, City and Borough	92.8%
Prince of Wales-Hyder Census Area	92.8%
Kenai Peninsula Borough	92.3%
Juneau, City and Borough	91.5%
Wrangell, City and Borough	90.2%
Kusilvak Census Area	89.8%
Matanuska-Susitna Borough	89.5%
Petersburg Borough	88.9%
Ketchikan Gateway Borough	87.9%
Nome Census Area	87.9%
Hoonah-Angoon Census Area	87.5%
Anchorage, Municipality	87.5%
Haines Borough	86.9%
Bethel Census Area	86.9%
Fairbanks North Star Borough	86.4%
Skagway, Municipality	84.5%
Yakutat, City and Borough	83.7%
Dillingham Census Area	83.5%
Aleutians West Census Area	82.6%
Northwest Arctic Borough	79.3%
Valdez-Cordova Census Area	78.8%
Yukon-Koyukuk Census Area	77.8%
Lake and Peninsula Borough	74.1%
Aleutians East Borough	69.2%
Southeast Fairbanks Census Area	68.9%
Denali Borough	47.7%
Bristol Bay Borough	42.6%
North Slope Borough	29.1%

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

employs mostly locals and provides year-round jobs. About a quarter of all Kodiak residents work in seafood processing there, and few Alaskans commute in from elsewhere.

2

Where People Work, by Area of Residence

ALASKA, 2018

Place of Residence	Place of Work												
	Aleutians East	Aleutians West	Anchorage	Bethel	Bristol Bay	Denali	Dillingham	Fbks N Star	Haines	Hoonah-Angoon	Juneau	Kenai Pen	
Aleutians E	780	4	14	0	4	0	1	1	0	0	1	2	
Aleutians W	42	1,950	37	0	5	1	1	3	1	0	0	1	
Anchorage	173	203	121,879	390	225	253	155	2,455	26	9	341	923	
Bethel	4	1	184	7,935	37	5	63	31	0	0	7	19	
Bristol Bay	0	1	19	2	353	0	16	0	0	0	2	2	
Denali	1	3	21	1	0	624	0	73	1	0	3	1	
Dillingham	0	0	72	8	14	0	2,034	10	2	0	1	4	
Fbks N Star	7	12	1,627	50	19	181	11	33,687	5	4	88	113	
Haines	0	0	15	0	0	2	0	8	832	23	95	4	
Hoonah-Angoon	0	0	12	2	0	2	0	8	18	727	92	1	
Juneau	14	15	335	8	6	4	6	323	23	43	15,021	23	
Kenai Pen	21	28	1,340	56	22	29	19	487	6	1	143	19,997	
Ketchikan	2	4	58	5	6	1	1	15	1	2	159	13	
Kodiak	8	21	135	10	45	3	4	13	3	2	31	37	
Kusilvak	2	3	111	424	4	7	33	19	2	1	3	14	
Lake and Pen	17	3	39	0	17	1	25	1	1	0	1	13	
Mat-Su	35	93	12,757	172	54	153	56	1,140	11	2	159	384	
Nome	2	2	68	8	0	1	1	19	0	0	1	13	
N Slope	1	1	34	15	0	1	0	22	0	0	2	4	
NW Arctic	1	1	69	6	0	0	0	13	0	0	3	9	
Petersburg	1	2	10	0	1	0	1	10	2	1	40	0	
POW-Hyder	1	1	37	6	4	0	1	8	5	5	66	3	
Sitka	1	1	44	4	2	2	1	19	4	7	81	11	
Skagway	0	1	7	1	5	3	0	3	4	0	14	1	
SE Fairbanks	1	3	120	4	1	10	0	313	1	2	9	4	
Valdez-Cordova	10	2	223	5	1	3	5	112	4	0	22	64	
Wrangell	2	2	8	0	2	2	2	6	4	2	30	3	
Yakutat	0	1	4	0	0	0	0	0	1	0	5	0	
Yukon-Koyukuk	1	3	61	20	1	21	1	210	0	0	3	10	
Total	1,127	2,361	139,340	9,132	828	1,309	2,437	39,009	957	831	16,423	21,673	

Notes: We determined Alaska residency by matching the Alaska Department of Revenue Permanent Fund Dividend applicant file with the Alaska Department of Labor and Workforce Development wage file, which has information on workers covered by unemployment insurance in Alaska. Workers in the wage file were considered Alaska residents if they applied for a 2017 or 2018 PFD. "Place of work" is as reported by employers on their quarterly unemployment insurance contribution reports. "Place of residence" is based on the address applicants provided on their PFD applications.

Locals the minority in North Slope, Bristol Bay, and Kenai

Areas with more people commuting in than local workers aren't the norm, but a few places are notable. (See Exhibit 2.) In the North Slope Borough, 70 percent of the Alaskans working there come from another borough or census area. This is due to the oil and gas industry, which attracts Alaskans from all over the state to its high-paying jobs on the Slope.

Most Alaskans who work on the North Slope come from Anchorage (25 percent), followed by Mat-Su (22 percent). Kenai and Fairbanks combined account for another 20 percent. In contrast, only 3 percent of North Slope Borough residents travel outside the borough for work, although few work in the local oil and gas industry.

Although many Slope workers are from Anchorage, they represent just a small portion of Anchorage's working

residents at 2.2 percent. Mat-Su and Kenai both send about 6 percent of their workers to the North Slope.

Workers from other places in Alaska also make up the majority of the Bristol Bay and Denali boroughs' resident workforces. Highly seasonal seafood processing and tourism, combined with small pools of local workers that can't meet demand, drive the need for nonlocal labor. These two areas also have the highest percentages of workers who come from outside the state.

Mat-Su residents most likely to leave borough for work

The Anchorage/Mat-Su commute is probably the closest thing to a traditional commute in Alaska. Nearly a third of Mat-Su residents drive to Anchorage each day (see Exhibit 3), about an hour-and-a-half round trip for most, to make higher wages in the city while benefitting from

Place of Work

	Ktn	Kodiak	Kusilvak	Lake and Pen	Mat-Su	Nome	North Slope	NW Arctic	Peter-sburg	POW-Hyder	Sitka	Skagwy	SE Fbks	Valdez-Cordova	Wrangell	Yakutat	Y-K	Total
1	3	1	0	1	0	2	0	1	1	0	0	0	4	1	0	0	822	
1	2	0	0	12	1	5	0	0	2	4	0	0	9	0	0	1	2,078	
93	195	102	87	2,133	205	2,976	326	14	32	75	15	78	433	7	19	132	133,954	
1	5	69	2	15	4	17	9	0	1	6	1	0	1	0	0	19	8,436	
0	2	1	20	2	1	3	0	0	0	1	0	0	0	0	0	0	425	
0	0	1	0	32	1	12	1	0	0	1	0	1	4	0	0	25	806	
1	0	3	12	5	5	25	4	0	0	2	0	1	3	0	0	11	2,217	
10	31	26	13	167	45	739	59	3	7	10	7	578	120	5	1	289	37,914	
6	1	0	0	3	0	5	0	4	6	6	13	1	1	1	0	1	1,027	
5	0	0	0	2	0	4	1	3	1	21	2	1	0	3	1	1	907	
76	11	4	4	29	4	34	7	14	17	58	18	8	15	11	9	5	16,145	
14	57	27	30	211	25	1,528	65	4	10	10	5	15	121	0	5	32	24,308	
6,025	2	1	1	27	123	13	6	8	65	14	4	1	11	10	0	0	6,578	
1	5,400	0	13	16	5	15	3	1	1	10	0	2	19	3	3	1	5,805	
0	3	3,110	2	4	10	6	3	0	0	1	0	3	2	0	1	16	3,784	
0	1	1	669	7	0	24	0	0	1	0	0	0	2	0	0	1	824	
198	65	65	42	24,315	90	2,568	195	5	8	13	12	61	224	2	3	78	42,960	
0	1	13	0	13	4,378	15	18	0	1	4	0	3	1	1	0	8	4,571	
0	2	5	1	0	7	3,412	13	0	0	1	0	0	0	0	0	1	3,522	
0	1	0	1	3	36	74	2,848	0	0	2	0	1	1	0	0	16	3,085	
13	3	0	0	2	1	3	0	1,120	4	8	2	0	6	23	1	0	1,254	
203	4	3	1	5	21	18	3	63	2,228	25	8	1	1	7	1	1	2,730	
12	2	3	0	9	3	9	5	11	2	3,695	2	0	4	4	1	2	3,941	
1	0	0	0	0	0	1	0	0	0	0	502	0	1	0	0	0	544	
4	1	2	0	94	3	51	4	1	2	0	1	1,821	14	0	0	22	2,488	
162	6	7	1	48	6	64	12	2	1	2	1	31	3,758	3	2	6	4,563	
23	1	1	1	6	2	11	6	6	11	8	1	0	6	749	0	0	895	
1	0	0	0	0	3	1	0	0	0	3	0	0	1	0	241	0	261	
1	2	17	3	14	2	70	5	0	0	0	0	36	7	0	0	2,338	2,826	
6,852	5,801	3,462	903	27,175	4,981	11,705	3,593	1,260	2,401	3,980	594	2,643	4,769	830	288	3,006	319,670	

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

lower living costs locally. Only 56 percent of Mat-Su workers work in Mat-Su, by far the lowest percentage in the state. The next lowest is 73 percent in the Southeast Fairbanks Census Area, where many workers commute to Fairbanks.

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

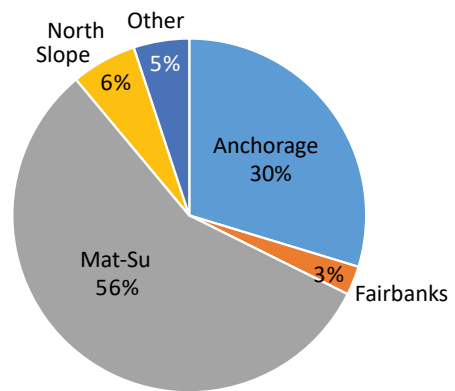
About the data

All workers in this article are Alaska residents. While nonresidents make up a significant and important percentage of Alaska's workforce, they are not part of this analysis.

We identified Alaska residents using a combination of wage records and Permanent Fund Dividend applications. If a worker earned wages and applied for a Permanent Fund Dividend in 2017 or 2018, we considered that person a resident for this analysis.

3 Where Mat-Su Residents Work

ALASKA, 2017



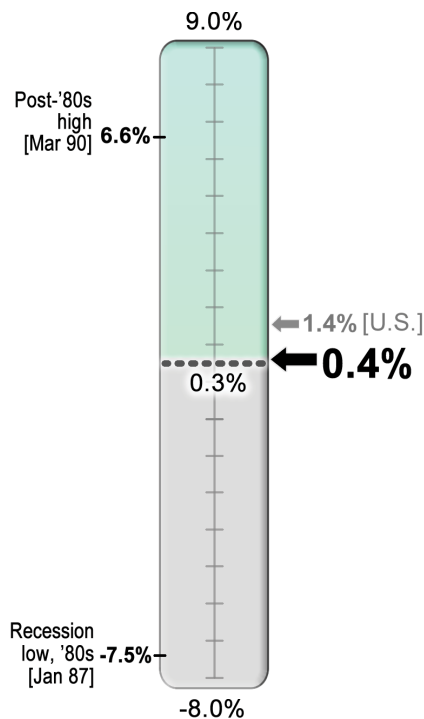
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Gauging Alaska's Economy



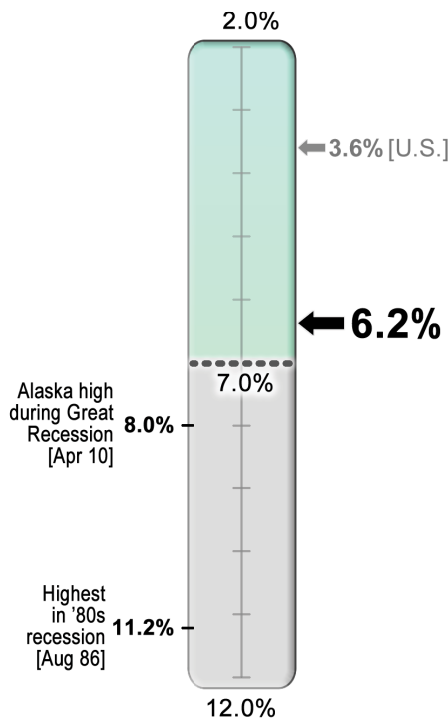
Job Growth

October 2019
Over-the-year percent change



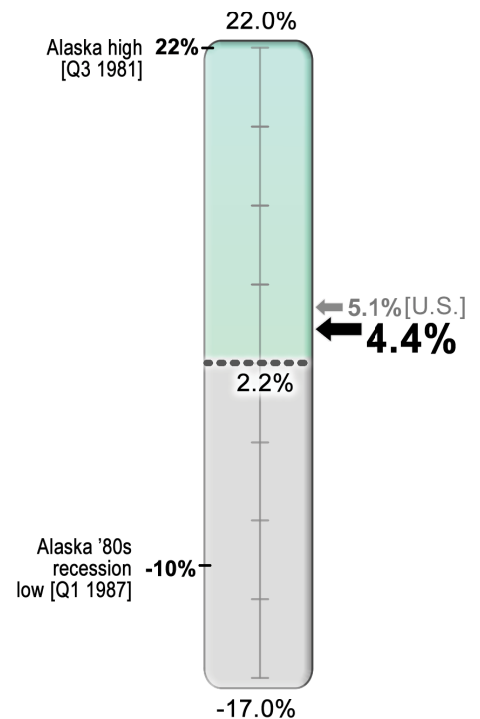
Unemployment Rate

October 2019
Seasonally adjusted



Wage Growth

2nd Quarter 2019
Over-the-year percent change

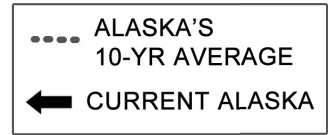


- The state has registered over-the-year job gains for 13 straight months after losing jobs for the prior three years.
- The gains are small so far, hovering around half a percentage point.
- U.S. job growth remains stable and has been positive since 2010, with the strongest growth in 2015.

- Until April, Alaska's seasonally adjusted rate had spent nearly a year at 6.5 percent.
- Unemployment rates are complicated economic measures and generally less telling at the state level than job or wage growth as indicators of broad economic health.

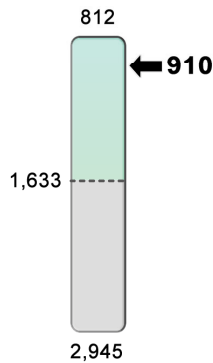
- Wages increased for the seventh straight quarter, and the strongest growth over that period was in 4th quarter 2018.
- Alaska's wage growth rate was slightly below the nation's, but both remained strong, growing at about the same rate from first to second quarter.

Gauging Alaska's Economy



Initial Claims

Unemployment, week ending Nov. 2, 2019†

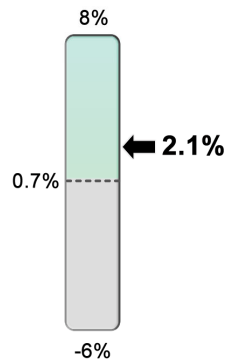


➤ For a variety of reasons, initial claims are well below the 10-year average despite job losses.

† Four-week moving average ending with the specified week

GDP Growth

2nd Quarter 2019
Over-the-year percent change*

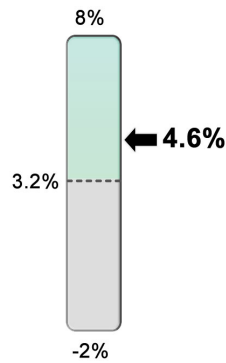


➤ Gross domestic product is the value of the goods and services a state produces. Alaska's GDP has grown for the last 11 quarters after declining for 15 out of the prior 16.

*In current dollars

Personal Income Growth

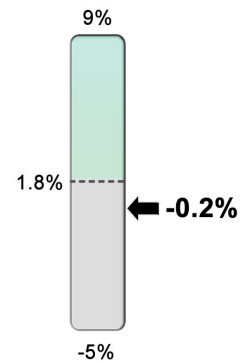
2nd Quarter 2019
Over-the-year percent change



➤ Personal income includes wages as well as transfer payments (such as Social Security, Medicaid, and the PFD) and investment income. Growth has resumed and is above the 10-year average.

Change in Home Prices

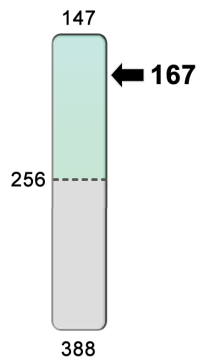
Single-family, 2nd Qtr 2019
Over-the-year percent change



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

Foreclosures

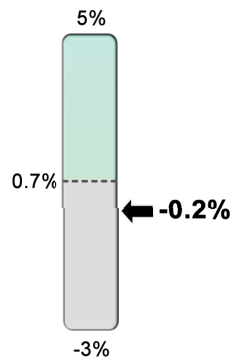
2nd Quarter 2019



➤ Foreclosure rates remain low, highlighting how different the state's recent recession was from the '80s recession when foreclosure rates exceeded 2,000 in some quarters.

Population Growth

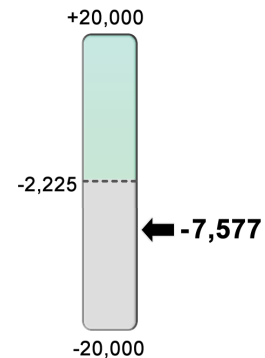
2017 to 2018



➤ The state's population has remained mostly stable during the state's recession, although 2018 was only the second year of population declines since 1988.

Net Migration

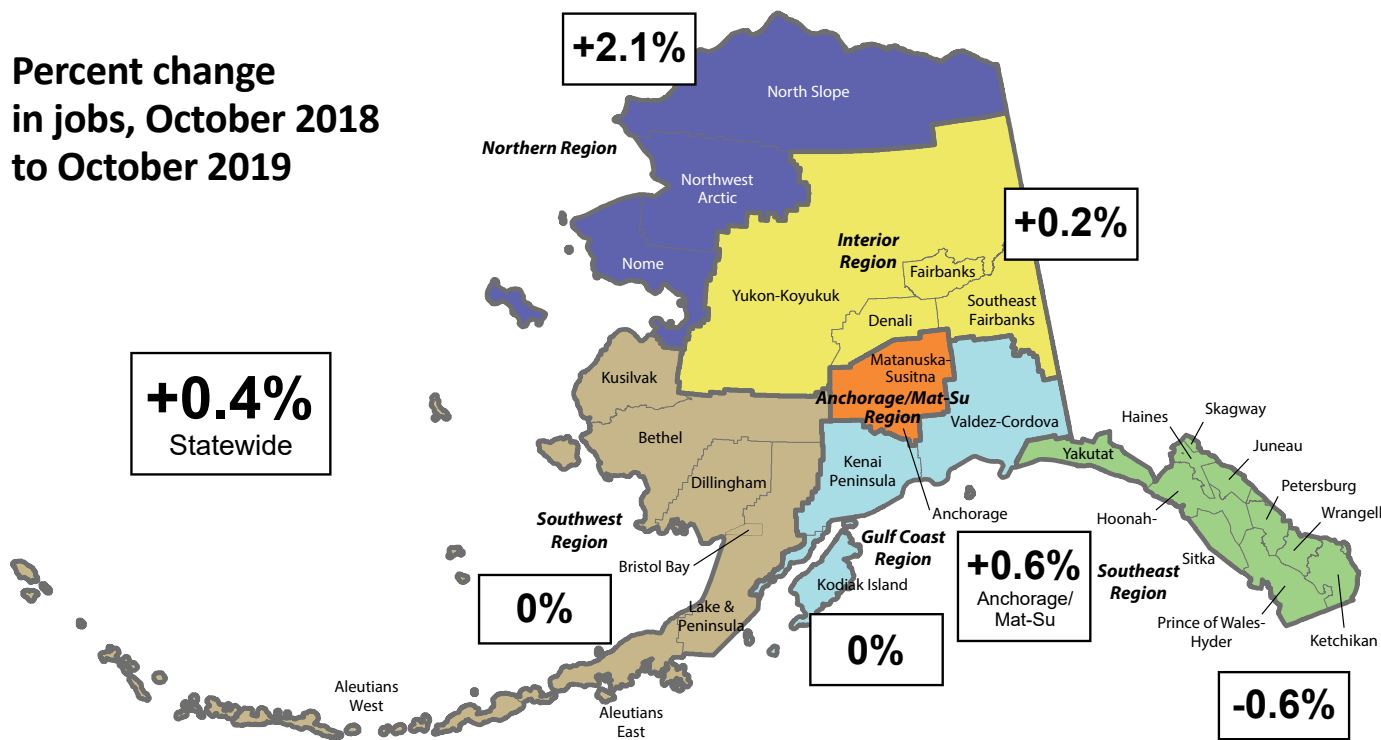
2017 to 2018



➤ The state had net migration losses for the sixth consecutive year in 2018. Net migration is the number who moved to Alaska minus the number who left.

Employment by Region

Percent change in jobs, October 2018 to October 2019



Unemployment Rates

Seasonally adjusted

Not seasonally adjusted

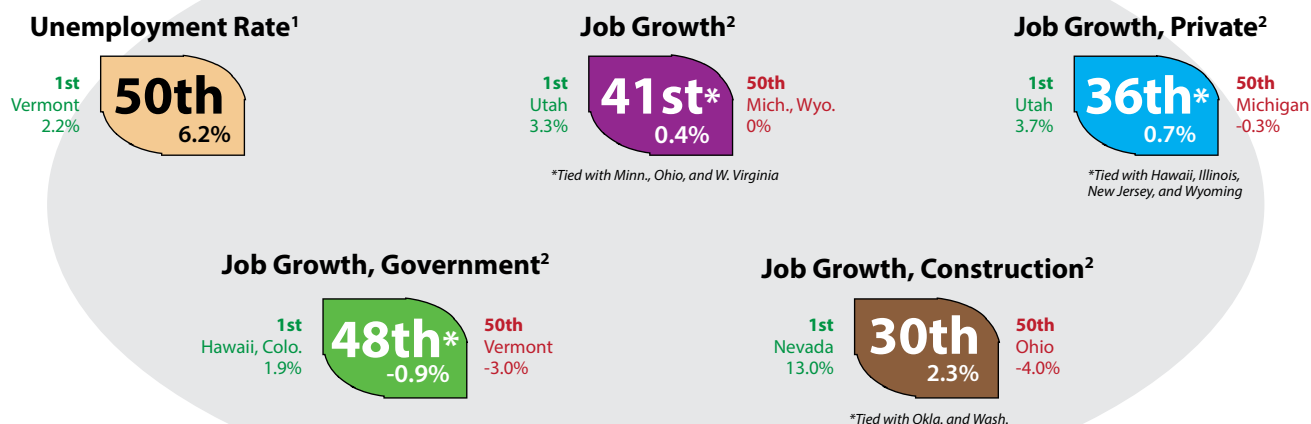
	Prelim.	Revised	
	10/19	09/19	10/18
United States	3.6	3.5	3.8
Alaska	6.2	6.2	6.5

	Prelim.	Revised	
	10/19	09/19	10/18
United States	3.3	3.3	3.5
Alaska	5.6	5.6	6.1

Regional, not seasonally adjusted

	Prelim.	Revised			Prelim.	Revised			Prelim.	Revised	
	10/19	09/19	10/18		10/19	09/19	10/18		10/19	09/19	10/18
Interior Region	5.4	5.3	5.8	Southwest Region	9.0	9.4	9.4	Southeast Region	5.5	4.8	5.7
Denali Borough	9.2	4.3	7.8	Aleutians East Borough	2.5	2.2	2.9	Haines Borough	8.3	5.3	8.3
Fairbanks N Star Borough	4.9	4.9	5.3	Aleutians West Census Area	4.3	3.1	4.6	Hoonah-Angoon Census Area	10.2	6.7	10.6
Southeast Fairbanks Census Area	7.7	7.1	8.4	Bethel Census Area	11.4	13.1	11.4	Juneau, City and Borough	4.2	4.0	4.5
Yukon-Koyukuk Census Area	11.3	11.7	12.5	Bristol Bay Borough	8.0	6.7	9.4	Ketchikan Gateway Borough	6.0	4.9	5.9
Northern Region	9.4	10.2	9.6	Dillingham Census Area	7.1	8.3	8.1	Petersburg Borough	8.9	7.4	8.0
Nome Census Area	8.8	10.0	10.0	Kusilvak Census Area	15.2	16.1	16.5	Prince of Wales-Hyder Census Area	8.5	8.1	9.9
North Slope Borough	7.2	7.6	6.8	Lake and Peninsula Borough	7.9	7.8	11.0	Sitka, City and Borough	4.4	3.7	4.3
Northwest Arctic Borough	12.8	13.6	12.5	Gulf Coast Region	6.2	5.7	6.8	Skagway, Municipality	6.9	3.3	9.9
Anchorage/Mat-Su Region	5.0	5.3	5.6	Kenai Peninsula Borough	6.2	5.9	7.2	Wrangell, City and Borough	7.1	6.1	6.3
Anchorage, Municipality	4.7	5.0	5.2	Kodiak Island Borough	4.5	4.4	4.8	Yakutat, City and Borough	8.0	6.6	6.4
Mat-Su Borough	6.1	6.3	6.7	Valdez-Cordova Census Area	8.3	5.9	7.7				

How Alaska Ranks



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

¹October seasonally adjusted unemployment rates

²October 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)	228.858	1st half 2019	223.099	+2.6%
Commodity prices				
Crude oil, Alaska North Slope,* per barrel	\$62.83	Oct 2019	\$80.03	-21.49%
Natural gas, residential, per thousand cubic feet	\$14.78	Aug 2019	\$13.05	+13.26%
Gold, per oz. COMEX	\$1,467.90	11/19/2019	\$1,225.30	+19.80%
Silver, per oz. COMEX	\$17.05	11/19/2019	\$14.40	+18.40%
Copper, per lb. COMEX	\$2.67	11/19/2019	\$2.81	-4.92%
Zinc, per MT	\$2,344.00	11/18/2019	\$2,600.00	-9.85%
Lead, per lb.	\$0.89	11/19/2019	\$0.91	-2.20%
Bankruptcies				
	105	Q3 2019	106	-0.94%
Business	12	Q3 2019	9	+33.33%
Personal	93	Q3 2019	97	-4.12%
Unemployment insurance claims				
Initial filings	6,078	Oct 2019	6,657	-8.70%
Continued filings	25,336	Oct 2019	27,428	-7.63%
Claimant count	6,728	Oct 2019	7,286	-7.66%

*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; Kitco; U.S. Census Bureau; COMEX; Bloomberg; Infomine; Alaska Department of Revenue; and U.S. Courts, 9th Circuit

CONSTRUCTION

Continued from page 6

and commercial buildings.

Industry known for high wages and large seasonal swings

Few industries in Alaska pay more than construction. Its average annual wage was 43 percent higher than the overall statewide wage in 2018. (See Exhibit 9.)

Construction is one of the industries that pays premium wages in Alaska for jobs that don't require college degrees, although they often require extensive training and experience. The prevalence of overtime, paid at one-and-a-half times the base wage, is another important factor. Because of these high wages, the industry's impact on the state is larger than its job count suggests.

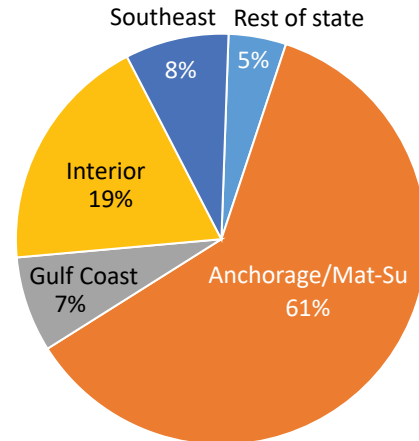
Construction is also one of the most seasonal industries, second only to tourism and fishing. Since 2000, in every year but two, its lowest employment month has been January and the peak has been August. In the two outlying years, the peak was July and the minimums were February or December. Between those months, construction's seasonal employment swing has been about 54 percent.

It's a far less seasonal industry nationwide. The U.S. construction seasonal swing in jobs was 13 percent last year.

8

Most Jobs Are in Anchorage

ALASKA CONSTRUCTION, 2018



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

Nonresident percentage drops

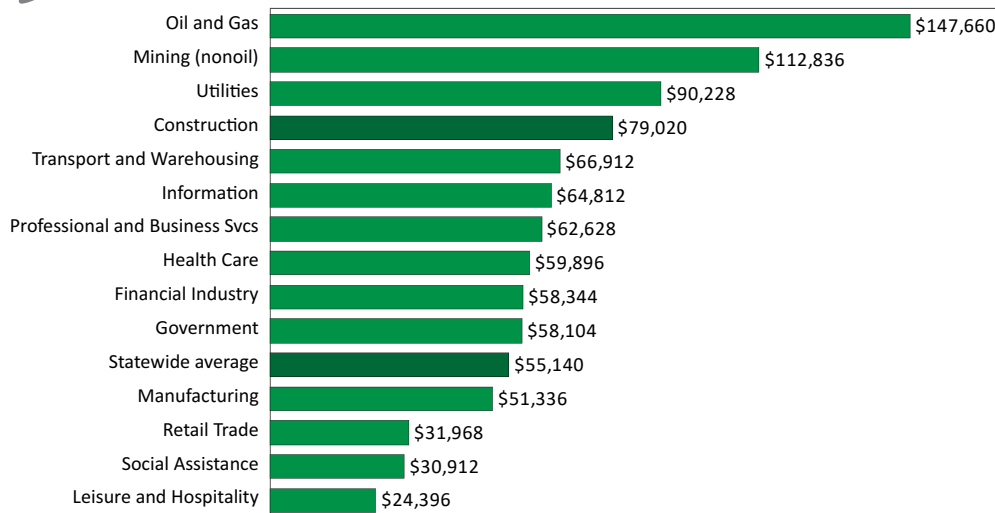
Construction's extreme seasonality in Alaska partly explains its large percentage of nonresidents. In 2017, the state's construction workforce was 18 percent nonresidents, who took in 14 percent of construction wages.

The percentage of construction workers who are nonresidents is usually higher than the overall percentage, but in 2016 and 2017, it fell below. (See Exhibit

9

Average Wage High in Construction

ALASKA INDUSTRIES, ANNUAL, 2018



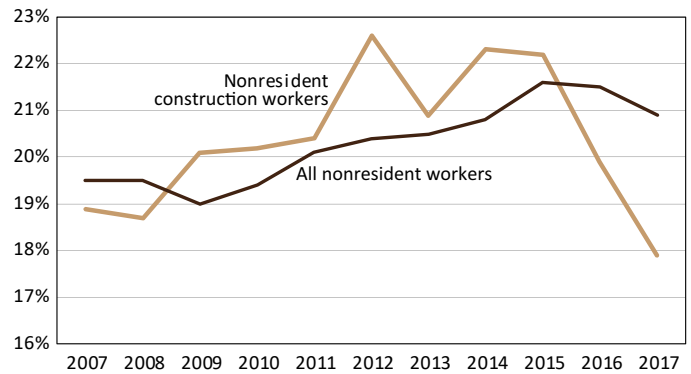
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

10.) That's only happened seven times since 1995. One likely explanation is construction jobs in Alaska became less appealing to nonresidents as the industry faltered here while growing robustly in other states.

10

Nonresident Percentage Has Fallen

ALASKA CONSTRUCTION INDUSTRY, 2007 TO 2017



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

Cost an ongoing issue

The high cost of construction in Alaska presents a major and continuous economic challenge. According to the Army Corps of Engineers, construction costs more than twice as much in Alaska (and Hawaii) for military and civil works projects. The state's remoteness, climate, large geographic size, and small economy are probably the biggest reasons.

Neal Fried is an economist in Anchorage. Reach him at (907) 269-4861 or neal.fried@alaska.gov.

EMPLOYER RESOURCES

Rapid Response services help mitigate the effects of layoffs

Businesses large and small are facing the need to downsize or simply close their doors as Alaska copes with the after-effects of a three-year recession. The Department of Labor and Workforce Development wants Alaska employers and workers to know we can help you every step of the way. Our Rapid Response teams, located at our job centers throughout the state, find every available resource to keep businesses solvent, avert layoffs, and mitigate the uncertainty and impacts on your valued employees.

Rapid Response falls under the federal Workforce Innovation and Opportunity Act and provides a broad range of services to ensure successful transitions for employers and their employees. Rapid Response staff identify specific employer and employee needs, then work with businesses to develop strategies and identify resources. Rapid Response assists laid-off workers by quickly connecting them

to benefits and services including unemployment insurance, career counseling, and job search.

Layoffs don't affect just the employee and the employer; they create a domino effect by reducing the money spent on necessities such as food and clothing. The resulting decline in economic activity puts a damper on other local businesses and impacts entire communities.

The Rapid Response team encourages employers and employees facing these tough decisions to visit http://jobs.alaska.gov/RR/business_info.htm or contact us at dol.rrteam@alaska.gov to find out which benefits and services will work best for you and your workers.

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