



ALASKA ECONOMIC
TRENDS
JANUARY 2023

Alaska's employment
outlook for 2023

ALSO INSIDE

Job forecasts for Fairbanks,
Anchorage, and Southeast

FROM THE COMMISSIONER

Recommit to the values of quality leadership this year

By Dr. Tamika L. Ledbetter, Commissioner

In this issue of *Trends*, the Research and Analysis team details this year's outlook for employment across industries in several Alaska regions. This important blueprint gives policy makers and industry leaders a snapshot of anticipated industry demand.

Good economic data is a basic ingredient for making smart decisions on where to deploy training resources and how to maximize business investment. It also helps Alaskans effectively plan for their futures.

Our primary goal at the Department of Labor and Workforce Development is to help Alaskans succeed in the workplace. I am grateful to lead a dedicated team of professionals who are committed to this vital work.

I recently met with division directors and asked each to share one trait of a good leader. To the prompt, "A good leader will ..." they responded: follow through, empower others, remain curious, pursue lifelong learning, take responsibility, connect on a genuine level with team members, and never ask someone to do something you would not do yourself. I agree with all of these and add that a good leader self-reflects and demonstrates a commitment to personal and professional development.

As commissioner, I strive to lead a department that values the individual. In this organization, all team members are recognized and appreciated for their contribution to the department's mission to serve Alaskans.

The development of a high-functioning team requires capable leaders at all levels of an



From left, AVTEC Dir. Cathy LeCompte, Special Asst. Adam Weinert, Dep. Commissioner Cathy Muñoz, Employment and Training Svcs. Dir. Patsy Westcott, Labor Relations Chief Nicole Thibodeau, Vocational Rehab Dir. Duane Mayes, Alaska Workforce Investment Board Exec. Dir. Kyla Pomrenke, Admin Svcs. Dir. Dan DeBartolo, Asst. Commissioner Gerald Pierce, Research and Analysis Chief Dan Robinson, Workers' Comp Dir. Chuck Collins, and Commissioner Tamika L. Ledbetter (seated).

organization. Regardless of where you are in your career, in the public or private sector, embrace the values of good leadership. Lead with integrity, excellence, and distinction.

Each month, *Trends* covers a range of economic issues important to Alaska, with both print and electronic [subscriptions available here](#). Previous editions are also [available and searchable online](#), with more than 50 years of articles on subjects ranging from the aviation industry to the impacts of inflation to the emerging cannabis industry. I encourage my team to stay up to date on Alaska's economy by reading *Trends*, and I encourage you to do the same.

As we embark on 2023, I wish you a very happy and prosperous new year.

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



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**JANUARY
2023**

Volume 43 Number 1
ISSN 0160-3345

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ON THE COVER:

Ice caves inside the Mendenhall
Glacier in Juneau,
photo by Karinne Wiebold

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ALASKA
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DEVELOPMENT

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ALASKA ECONOMIC
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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.

Statewide jobs forecast for 2023

Alaska to add 5,300 jobs this year as recovery continues

By KARINNE WIEBOLD

Alaska is forecasted to add 5,300 jobs in 2023 — 1.7 percent — as the state continues to recoup pandemic losses, although at a slightly slower rate than the past two years. We expect some industries to regain and then top their 2019 employment levels while others will take longer.

The easiest gains appear to be behind us. In 2021, rebounds from pandemic lows came from re-openings and massive infusions of federal money through household stimulus checks, enhanced unemployment benefits, and direct support to businesses and state and local governments. Rising oil prices and strong Alaska Permanent Fund investment returns that year also lifted state revenue projections. In 2022, Alaska continued to add jobs as students went back to school, cruise ships returned in full, more people traveled and ate out, and oil prices climbed.

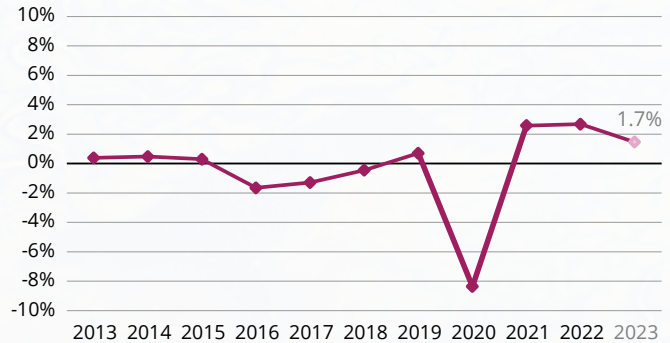
This year's gains will likely come in smaller amounts from a wider range of industries, as we expect all Alaska industries to grow or hold steady. Many of 2022's patterns will continue this year, and no major changes are on the horizon aside from the federal infrastructure bill. However, that spending will just begin to ramp up in 2023 and span at least five years, so the resulting growth and its timing are difficult to predict.

COVID, pre-pandemic weakness are still major influences in 2023

History is the best guide when forecasting, and 2022 provided plenty of clues about what to expect this year. Some economic uncertainty from the pandemic persists, and Alaska's pre-pandemic economy was weak following a 2015-2018 state recession. Alaska's job growth in 2022 was among the slowest in the country.

Supply chain disruptions from 2021 continued in 2022, and while some worked themselves out by

A third year of slow employment growth is still mostly recovery



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

the end of the year, COVID-19 is still a global problem. Future restrictions and supply chain disruptions, especially from China, remain possible.

Worker shortages, the rising cost of labor, and inflation also worked against recovery in 2022 and will cause ongoing friction in 2023.

More cruise ship visitors expected

Alaska anticipates cruise ship visitors in record numbers in 2023. The pandemic halted all types of travel early on, but cruise ships were an outsized problem because they put thousands of people in extended close contact, moving from one isolated community to the next. Cruises to Alaska halted in 2020, dropping to zero passengers from 1.3 million the year before.

About 100,000 passengers returned in 2021, followed by a surge in 2022 with a full slate of ships, though not filled to capacity. Even though ships were just three-quarters full on average, 1.2 million tourists arrived in 2022, putting the year's tally among Alaska's highest.

The outlook for statewide jobs, by industry

	Monthly avg, 2021 ¹	Monthly avg, 2022 ¹	Change, 2021-22	Percent change	JOBS FORECAST		
					Monthly avg, 2023	Change, 2022-23	Percent change
Total Nonfarm Employment²	310,200	318,500	8,300	2.7%	323,800	5,300	1.7%
Total Private	233,000	241,500	8,500	3.6%	246,400	4,900	2.0%
Mining and Logging	10,500	10,900	400	3.8%	11,500	600	5.5%
Oil and Gas	6,700	7,000	300	4.5%	7,400	400	5.7%
Construction	15,900	16,300	400	2.5%	16,800	500	3.1%
Manufacturing	12,200	12,400	200	1.6%	12,900	500	4.0%
Trade, Transportation, and Utilities	61,000	63,800	2,800	4.6%	64,800	1,000	1.6%
Wholesale Trade	6,200	6,200	0	0%	6,300	100	1.6%
Retail Trade	34,300	34,900	600	1.7%	35,300	400	1.1%
Transportation, Warehousing, and Utilities	20,500	22,700	2,200	10.7%	23,200	500	2.2%
Information	4,800	4,800	0	0%	4,800	0	0%
Financial Activities	10,800	11,000	200	1.9%	11,100	100	0.9%
Professional and Business Services	26,400	27,100	700	2.7%	27,600	500	1.8%
Educational (private) and Health Services	50,500	49,900	-600	-1.2%	50,200	300	0.6%
Health Care	38,900	38,700	-200	-0.5%	38,800	100	0.3%
Leisure and Hospitality	30,400	34,300	3,900	12.8%	35,700	1,400	4.1%
Other Services	10,400	10,900	500	4.8%	11,000	100	0.9%
Total Government	77,200	77,000	-200	-0.3%	77,400	400	0.5%
Federal, except military	15,100	14,900	-200	-1.3%	14,900	0	0%
State, incl. University of Alaska	22,600	22,000	-600	-2.7%	22,100	100	0.5%
Local and tribal, incl. public schools	39,500	40,100	600	1.5%	40,400	300	0.7%

¹Preliminary and adjusted estimates. ²Excludes the self-employed, uniformed military, most commercial fishermen, domestic workers, and unpaid family workers.

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

Federal infrastructure money to start flowing

The federal infrastructure bill will route billions of dollars to the state over the next several years. Funds for roads, bridges, ferries, water and sewer facilities, and broadband will make long-term improvements to the state's infrastructure.

The projects will create jobs, and the improvements will lay the foundation for further economic growth. Port improvements in Anchorage and the development of a far north deep water facility in Nome will increase the state's ability to move goods, possibly on a global scale.

As mentioned earlier, while we expect some infrastructure money will come in 2023, we can't specify which projects or jobs could arise this year as a result.

Statewide forecasted job recovery to pre-pandemic levels, by industry

	2019 jobs	2023 forecasted	Difference from 2019
Total Nonfarm Employment	330,000	323,800	-1.9%
Total Private	250,200	246,400	-1.5%
Mining and Logging	13,400	11,500	-14.2%
Oil and Gas	9,900	7,400	-25.3%
Construction	16,400	16,800	2.4%
Manufacturing	13,100	12,900	-1.5%
Transportation, Trade, and Utilities	64,600	64,800	0.3%
Wholesale Trade	6,600	6,300	-4.5%
Retail Trade	35,600	35,300	-0.8%
Transp, Warehousing, and Utilities	22,500	23,200	3.1%
Information	5,400	4,800	-11.1%
Financial Activities	11,600	11,100	-4.3%
Professional and Business Services	27,700	27,600	-0.4%
Educational (private) and Health Svcs	50,800	50,200	-1.2%
Health Care	38,700	38,800	0.3%
Leisure and Hospitality	36,200	35,700	-1.4%
Other Services	11,000	11,000	0%
Total Government	79,900	77,400	-3.1%
Federal, except military	14,900	14,900	0%
State, incl. University of Alaska	23,200	22,100	-4.7%
Local and tribal, incl. public schools	41,800	40,400	-3.3%

Note: May not sum because of rounding. Excludes the self-employed, uniformed military, most commercial fishermen, domestic workers, and unpaid family workers.

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

Statewide Forecast

Worker shortages are ongoing

The nation is grappling with a worker shortage, which will be an ongoing constraint on job growth in 2023. As Alaska's economy continues to recover, the worker shortage will make filling positions, including those created by infrastructure spending, difficult to fill.

An aging population and migration losses, especially of working-age people, will exacerbate that shortage.

An older population means fewer workers, now and in the future

Alaska's total population has been flat, increasing or decreasing by less than half a percentage point each year for most of the last decade. And, like the rest of the country, the state is getting older.

Alaska has historically been a young state and remains so relative to the U.S. as a whole, but the number and percentage of older people has grown dramatically over the last couple of decades, increasing fivefold as a percentage of our total population. Alaska's birth rate has fallen over the same period.

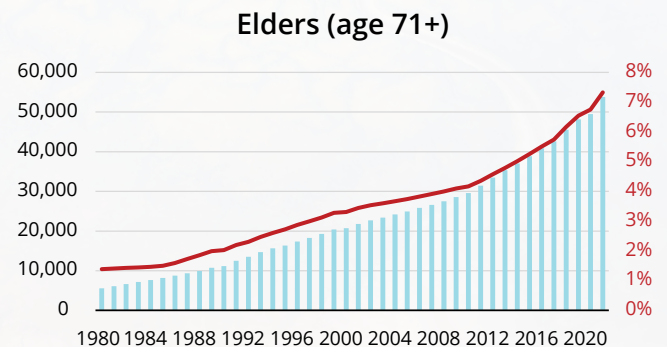
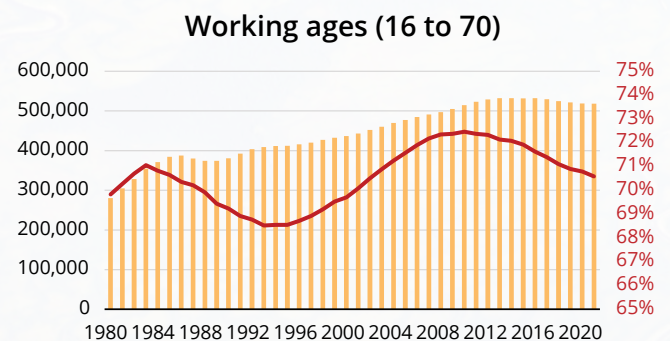
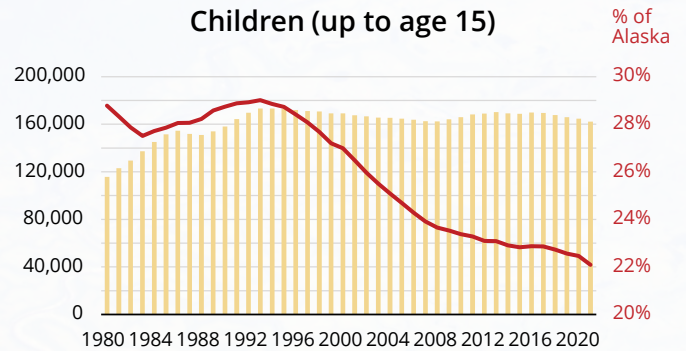
An older population means a smaller pool of working-age people, and a lower birth rate translates to fewer future workers.

Fewer moving here and staying

About 20 percent of Alaska's jobs are filled by nonresidents. Some stay — about 10 percent each year — but most come temporarily to work in our seasonal or remote industries: seafood processing, tourism, and oil and gas. A record number of job openings across the country means less draw to Alaska for both temporary and long-term work.

Fewer people have been moving to the state and staying long enough to apply for a Permanent Fund Dividend, which is how we gauge residency. (For more on movers' shorter stays, see the August 2022 issue.) As a share of our population, Alaska has always had the biggest yearly population flows both in and out, but in the last decade, the scale tipped to more loss than gain.

Alaska's age structure has shifted considerably since the early 1980s



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

Net migration losses were large enough in some years to cause an overall population decline, although those losses leveled out and the total population increased by a tenth of a percentage point in 2021.

Another consequence of net migration losses is that movers are disproportionately in their 20s and 30s — people of working age and those most likely to bring children with them.

Statewide Forecast

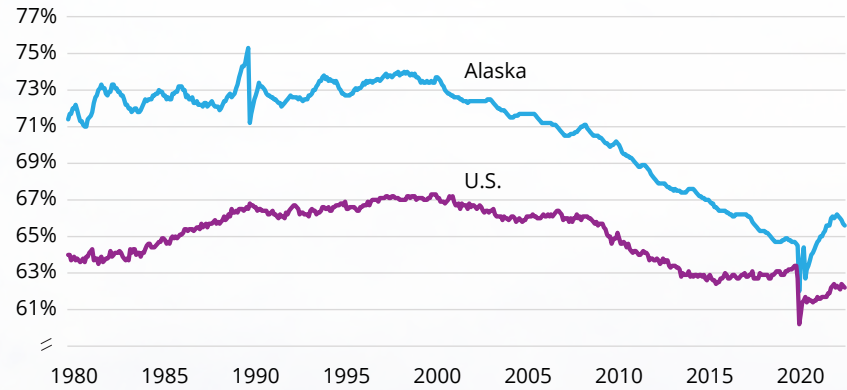
Less labor force participation

We have fewer workers to fill open positions than before the pandemic, but the percentage of the working-age population either employed or available to work had already been declining nationwide for decades.

The most recent labor force participation data show Alaska exceeding our pre-pandemic rate, but these data have been difficult to collect and extrapolate in small states during the pandemic. This preliminary rate, which may be revised in the future, probably doesn't accurately represent our current labor market. Despite Alaska having fewer jobs now — about 11,000 below 2019 — the worker supply is still short. Job openings hit record numbers last year. The worker shortage was evident as businesses continued to reduce hours or services in 2022, even as the pandemic waned.

People bow out of the labor force for numerous reasons, including to care for children or other family members or because of health problems, school or training, burnout, or retirement. A booming stock market swelled retirement accounts, making that a more attractive or feasible option for many.

Less labor force participation a long-term trend



Note: Seasonally adjusted
Source: U.S. Bureau of Labor Statistics

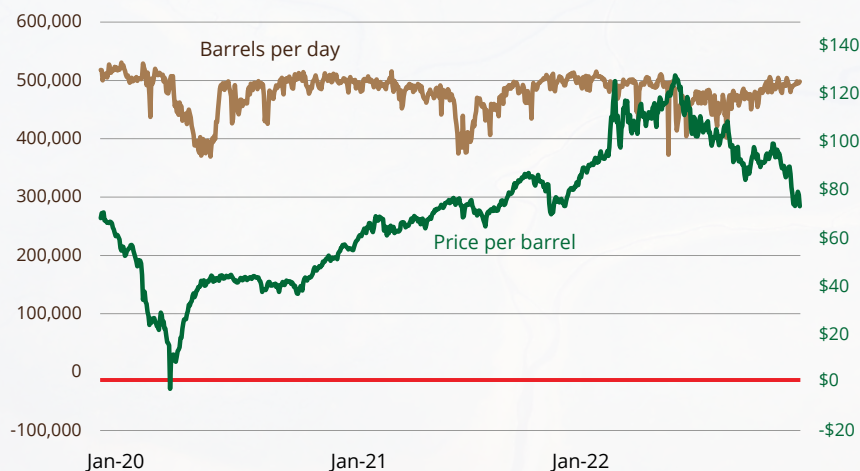
(For more on the decline in the labor force participation rate, see the October 2019 issue of *Trends*.)

Oil prices and revenue uncertainty

Oil prices were volatile in 2022. After averaging \$42 a barrel in 2020 and \$71 a barrel in 2021, prices soared to more than \$100 in 2022. Prices started to fall mid-year, from a \$128 summer peak to the upper-\$70s by December.

The Alaska Permanent Fund also took a wild ride over the last couple of years. After an unprecedented 30 percent return in 2021, 2022 dipped into negative territory (-1 percent) for only the third

Oil prices and production in the COVID era



Note: Price per barrel and barrels per day for Alaska North Slope West Coast oil
Source: Alaska Department of Revenue, Tax Division

Statewide Forecast

time in history. (The others were 2002 and 2009.) The fund's market value fell from \$81.9 billion to \$76.3 billion, and that's not accounting for the year's high inflation.

The majority of our state revenue has come from the fund's earnings reserve in recent years, funding government, schools, and the annual Permanent Fund Dividend, which was one of the largest ever last year at \$3,284 per Alaskan.

All Alaska industries to add jobs or hold steady in 2023

Oil, construction projects ramp up

We forecast 600 new jobs for the mining and logging sector this year, with the majority coming from oil and gas (400).

Mines weathered the pandemic downturn well, and their growth will come from small workforce expansions across the board. Oil and gas, on the other hand, was hammered during COVID, losing nearly a quarter of its jobs in 2020 (-2,300). The industry had resumed growing in 2019 after the three-year statewide recession spurred by falling oil prices, but demand plummeted in 2020 as travel, commuting,

and manufacturing slowed globally. The oil industry continued to lose jobs in 2021 (-900).

Oil prices have been volatile, falling into negative territory briefly in April 2020 and soaring to nearly \$130 a barrel after Russia invaded Ukraine in spring 2022. The invasion put pressure on the international market to avoid buying from Russia, the largest crude oil producer after the United States.

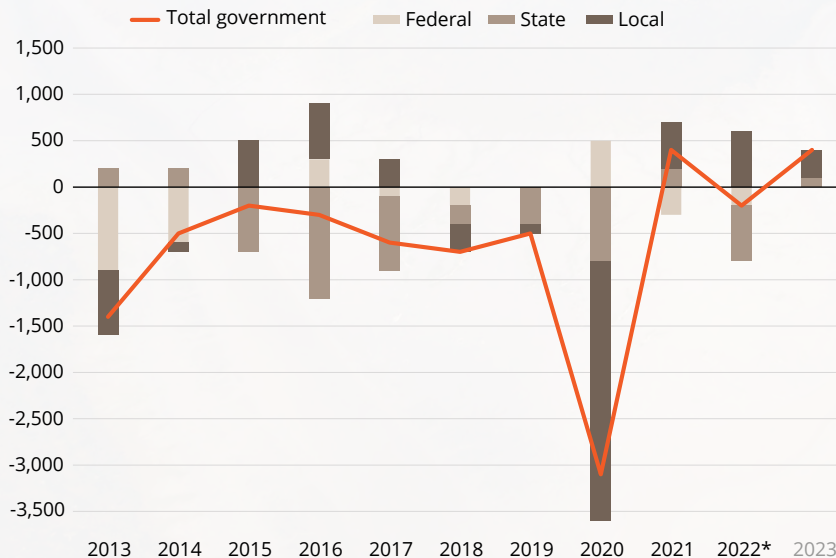
High oil prices in 2022 spurred only modest job growth, and the industry remained about 2,900 jobs below 2019 levels and at about half the 2014 peak.

Activity on the North Slope has increased, though, and that combined with preparation for the Pikka and Willow projects will boost employment by about 400 this year. (For more on the oil industry, see the Anchorage forecast.)

Construction also fared relatively well during the pandemic, losing just 600 jobs and recovering most of them by 2022. We forecast an additional 500 jobs this year, pushing the count well over 2019. Construction will benefit from the forthcoming federal infrastructure funds, although the impact in 2023 will be small because it takes time for projects to be funded, bid out, and launched.

Professional and business services, many of which support oil and construction, will also benefit from preparation for infrastructure projects. After major losses during the statewide and pandemic

More long-term government job losses than gains



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

Statewide Forecast

downturns, this sector grew over the last two years with an overall increase in economic activity.

We forecast 500 additional jobs for this year, which would bring employment within 100 jobs of the sector's pre-pandemic level.

Seafood processing recovers slowly

Manufacturing employment, which is mainly seafood processing in Alaska, has declined over the last decade. The pandemic was especially hard on an industry that relies on out-of-state workers for seasonal and remote work. (For more on seafood processing during the pandemic, see the November issues from 2020 and 2021.)

Weak fish runs have made it even harder for some plants to adapt, and federal disasters have been declared for some fisheries over the last three years. For example, Trident Seafoods in Wrangell closed in 2020 and has not reopened because of poor chum salmon runs.

Wild swings in seafood harvests further complicate forecasting jobs. While seafood processing employment has never tracked closely with harvest numbers, the uncertainty affects processors' hiring plans and recruitments.

Still, seafood processing is inching closer to its pre-pandemic employment level. After losing 1,300 jobs in 2020, the industry recovered 600 by 2022. We forecast an additional 500 this year, bringing the total job count within 200 of 2019.

Budget woes for government, mainly schools

A quarter of all jobs in Alaska are in government, with the largest share in local governments (which include public schools and tribal governments). State government, including the University of Alaska system, is second-largest and federal employment is a small slice.

Local governments shed 2,800 jobs in 2020, mostly from schools as they moved online. Some jobs returned over the two years that followed, but 2022's job count remained about 1,700 below 2019. We forecast a small bump of 300 jobs this year as some school districts normalize, but significant budget

deficits across the state will temper growth. Anchorage estimates a \$48 million deficit for the 2023-2024 school year and is considering closing as many as six schools. Juneau's school district faces a \$3.2 million deficit, and the Fairbanks North Star Borough reports a \$16 million shortfall.

General state government employment has fallen over most of the last decade. While temporary COVID-related positions mitigated losses in 2020 and provided some new jobs in 2021, employment fell by 600 in 2022 as those jobs disappeared.

The University of Alaska's losses put its 2021 employment about 2,200 jobs below the 2014 peak — that gap is more than a quarter of UA's total employment in 2014.

We forecast state government will add a handful of jobs in 2023. The State of Alaska had hundreds of job openings in late 2022, suggesting some growth is possible this year, even amid budget uncertainty.

North Slope activity has increased, and preparation for the Willow and Pikka projects will boost jobs.

Federal government employment has been flat or slightly down for most of the last decade (-200 in 2022). We forecast steady employment in 2023, at 14,900 total jobs.

Retail recovers but faces headwinds

Retail lost 2,200 jobs in 2020 with pandemic closures, altered shopping behavior, and absent tourists. The industry regained most of those losses, and we expect the forecasted gain of 400 jobs in 2023 will bring retail within 1 percent of its pre-pandemic level.

E-commerce continues to take market share away from traditional stores, however, and that trend will likely continue.

Transportation to grow past 2019 levels

Transportation is another industry we expect to surpass its 2019 job count this year. The industry shed thousands of jobs as travel virtually halted with the pandemic and regained few in 2021, but it neared full recovery in 2022.

By late 2022, airport traffic around the state had either approached or exceeded pre-pandemic numbers, and transportation employment had come within 100 jobs of 2019.

Statewide Forecast

In 2023, the broader sector that includes transportation, warehousing, and utilities is forecasted to add 500 jobs, mainly in transportation, and end up 700 jobs above 2019.

Warehousing continued to grow when the pandemic hit, then lost jobs in 2021 and 2022. We expect some growth in 2023 as Amazon increases its Alaska footprint. Amazon opened an air cargo gateway and sorting facility at the Fairbanks International Airport in 2021 and will open a distribution and warehouse center in Anchorage this year.

Tourism to boost leisure and hospitality

Leisure and hospitality sector captures much of the visitor industry, although it doesn't cover quintessential tourist adventures such as whale-watching or helicopter tours, which fall under transportation. The sector's jobs are mostly in bars and restaurants, followed by roughly a quarter in accommodations and the remainder in arts, entertainment, and recreation (such as museums, zoos, gyms, and bowling alleys).

Leisure and hospitality bounced back from its steep pandemic job losses — a quarter of its total employment — with the return of cruise ships and local consumers in 2022. The additional 1,400 jobs we forecast for 2023 would put the sector around 500 jobs below 2019.

A national recession could dampen tourism, and so could a falling U.S. dollar relative to other currencies, but 2023 looks like a banner year for cruise ship visits. Independent visitors also made a strong showing in 2021 and 2022, and the industry hopes they'll do the same this year.

Some growth for health, social assistance

Health care employment patterns have been mixed. Doctors' offices and other outpatient services lost 3,000 jobs in April 2020 relative to the previous April. Employment continued to shrink for the rest of the year, but by 2021 these providers had recovered and continued growing. Hospitals didn't lose jobs until later in 2020, again recovering in 2021 and growing some in 2022. Nursing home employment leveled out at 4,500 for several years, until 2016. Nursing homes have fallen by 700 jobs since 2016, although most of those losses predate the pandemic.

The broader sector includes private social assistance and a small amount of private education and tutoring. Social assistance took a hit recently, losing jobs in 2020 and 2022 and ending up more than 1,000 jobs below its pre-pandemic level. However, 2022's declines were largely technical rather than real-world losses. Many social assistance jobs were recategorized into other industries, which at least on paper will keep social assistance from reaching its 2019 job count this year.

Social assistance will add 200 forecasted jobs in 2023, private education will remain level, and health care will add 100. This would put the sector slightly above its pre-pandemic level by year's end.

Technology restrains finance, info growth

The information sector, which includes newspapers, radio stations, and telecommunications, has been on a long decline. Information jobs peaked more than 20 years ago, then recorded the steepest losses during the 2015-2018 recession and continued declines during COVID. Technology changes are the culprit; print publications, news, and radio have shifted online. On a smaller scale, call centers and other support functions have been outsourced.

While federal infrastructure investments in broadband may stimulate growth in the next couple of years, we forecast flat employment in 2023.

Financial services — including banks and credit unions, mortgage brokers, financial managers, and insurance brokers — have also been on a long-term although less dramatic decline, and for similar reasons. Online banking, accessing insurance through the internet, and working with out-of-state financial managers have lessened the need for local workers. High interest rates, including for mortgages, will further reduce demand for some services in the coming year.

Finance peaked in 2006 at 12,600 jobs, and after the years of decline that followed, including the pandemic, employment leveled off at 10,800. The industry grew modestly in 2022 and we expect the same in 2023, which would bring financial services about 500 jobs below pre-pandemic levels.

Karinne Wiebold is an economist in Juneau. Reach her at (907) 465-6039 or karinne.wiebold@alaska.gov.

By late 2022, airport traffic had approached or exceeded pre-pandemic numbers.

Anchorage jobs forecast for 2023

Most of last year's broad economic trends will continue

By NEAL FRIED

Like last year, Anchorage's employment gains will be mostly pandemic recovery or tied to it in 2023. Some industries have already recovered to 2019 levels and exceeded them — transportation is an example, and health care is close — but others such as retail and the leisure and hospitality sector have a long way to go.

Anchorage has emerged from the pandemic slower than most of the state and the nation as a whole, and it will probably take a few more years to regain pre-pandemic job levels.

But while Anchorage's economy remains relatively weak by most measures, many people probably are not feeling it. Employment opportunities abound, home values are high, and the city has one of the state's highest personal income levels.

Most of 2022's patterns will continue in Anchorage in 2023

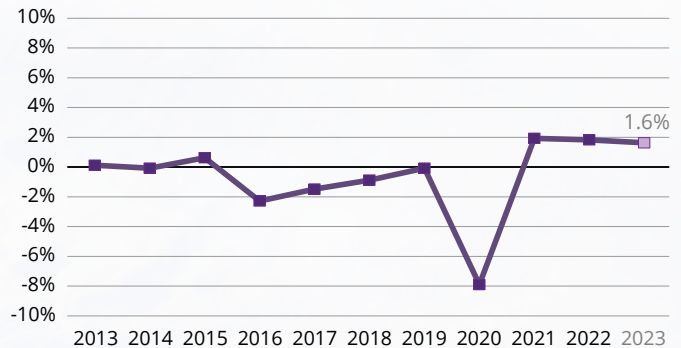
Anchorage has no major changes on the horizon, so 2022's trends will probably color 2023. One ongoing damper is the national labor shortage, and another is Anchorage's persistent population losses.

Fewer people have been moving in as the national economy has outperformed Alaska's for more than a decade, a trend unlikely to shift in 2023 unless the nation enters a recession.

Anchorage's population peaked in 2013 at 301,223, then began to decline, rebounding slightly in 2016 before continuing to drop for the next five years, to 289,697. That put the city's 2021 population below the 2010 Census count of 291,826.

Other economic factors in play include the continuing rebound of tourism and the federal infrastructure bill, which will probably generate some ground-level activity in Anchorage this year. High oil prices have also improved the fiscal picture and could fuel more activity in the oil and gas sector.

Modest job recovery for Anchorage looks similar to the past two years



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

A better outlook for the oil industry

Anchorage's direct oil industry employment is small, but its economic impact on the city's economy is much greater. While most of the state's oilfield activity is on the North Slope, Anchorage is the industry headquarters, and subcontractors such as security firms and caterers are based there. Anchorage residents also commute to work in the oilfields.

Alaska's oil industry employment has barely budged since hitting a 16-year low in Prudhoe Bay in 2021, but two years of high oil prices will spur growth in 2023. Projects on the drawing board this year include construction on the large Willow project (which will reach 180,000 barrels/day at its peak), continued work on Fiord West Kuparuk, additional drilling at Alpine, and phase one of the Pikka development.

Infrastructure bill to boost jobs tied to construction for five years

Anchorage is also the state's construction industry headquarters, so the city will benefit disproportionately from the billions in federal infrastructure money that will begin as a trickle this year, then grow

The outlook for Anchorage jobs, by industry

	Monthly avg, 2021 ¹	Monthly avg, 2022 ¹	Change, 2021-22	Percent change	JOBS FORECAST		
					Monthly avg, 2023	Change, 2022-23	Percent change
Total Nonfarm Employment²	142,500	145,100	2,600	1.8%	147,500	2,400	1.6%
Total Private	115,300	117,800	2,500	2.2%	120,300	2,500	2.1%
Mining and Logging	2,100	2,000	-100	-4.8%	2,100	100	4.8%
Oil and Gas	1,600	1,500	-100	-6.3%	1,700	200	11.8%
Construction	7,300	7,300	0	0%	7,700	400	5.2%
Manufacturing	2,000	1,800	-200	-10.0%	1,900	100	5.3%
Trade, Transportation, and Utilities	31,400	32,700	1,300	4.1%	33,300	500	1.5%
Wholesale Trade	4,700	4,500	-200	-4.3%	4,500	0	0%
Retail Trade	15,300	15,500	200	1.3%	15,900	400	2.5%
Transportation, Warehousing, and Utilities	11,500	12,800	1,300	11.3%	12,900	100	0.8%
Information	3,000	2,700	-300	-10.0%	2,700	0	0%
Financial Activities	6,800	6,900	100	1.5%	6,900	0	0%
Professional and Business Services	16,900	17,200	300	1.8%	17,500	300	1.7%
Educational (private) and Health Services	26,200	25,900	-300	-1.1%	26,200	300	1.1%
Health Care	20,400	20,100	-300	-1.5%	20,300	200	1.0%
Leisure and Hospitality	14,700	16,100	1,400	9.5%	16,800	700	4.2%
Other Services	4,900	5,200	300	6.1%	5,200	0	0%
Total Government	27,100	27,200	100	0.4%	27,200	0	0%
Federal, except military	8,500	8,400	-100	-1.2%	8,400	0	0%
State, incl. University of Alaska	9,600	9,400	-200	-2.1%	9,400	0	0%
Local and tribal, incl. public schools	9,000	9,400	400	4.4%	9,400	0	0%

¹Preliminary and adjusted estimates. ²Excludes the self-employed, uniformed military, most commercial fishermen, domestic workers, and unpaid family workers.

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

Anchorage's forecasted job recovery to pre-pandemic levels, by industry

	2019 jobs	2023 forecasted	Difference from 2019
Total Nonfarm Employment	151,300	147,500	-2.5%
Total Private	123,400	120,300	-2.5%
Mining and Logging	2,700	2,100	-22.2%
Oil and Gas	2,500	1,700	-32.0%
Construction	7,700	7,700	0%
Manufacturing	2,100	1,900	-9.5%
Transportation, Trade, and Utilities	32,600	33,300	2.1%
Wholesale Trade	4,900	4,500	-8.2%
Retail Trade	16,500	15,900	-3.6%
Transp, Warehousing, and Utilities	11,200	12,900	15.2%
Information	3,300	2,700	-18.2%
Financial Activities	7,300	6,900	-5.5%
Professional and Business Services	17,800	17,500	-1.7%
Educational (private) and Health Svcs	26,800	26,200	-2.2%
Health Care	21,000	20,300	-3.3%
Leisure and Hospitality	17,700	16,800	-5.1%
Other Services	5,400	5,200	-3.7%
Total Government	28,000	27,200	-2.9%
Federal, except military	8,400	8,400	0%
State, incl. University of Alaska	9,700	9,400	-3.1%
Local and tribal, incl. public schools	10,000	9,400	-6.0%

Note: May not sum because of rounding. Excludes the self-employed, uniformed military, most commercial fishermen, domestic workers, and unpaid family workers.

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

larger over the next five. While the specific projects aren't yet clear, the consensus is some will begin this year.

On top of this massive federal stimulus, the capital budget for fiscal year 2023 of \$2.7 billion is more than three times higher than the previous fiscal year.

The availability of skilled labor will partly determine how much employment growth will result. The shortage of construction materials is another concern, as some supply chain problems wrought by the pandemic remain unresolved.

An uptick in the oil industry and construction, especially with the infrastructure bill, will also lift the professional and business services sector in 2023. Architectural, engineering, environmental, and other consulting services represent over half of these jobs.

The remainder of these services is in

Anchorage Forecast

legal, accounting, computer, and other professional businesses, which tend to follow the city's broader economic trends.

Government largely returns to 'normal'

State government employment in Anchorage drifted downward last year, both for general government and the University of Alaska Anchorage. The university system's budget was cut for several years in a row, and COVID-related state government positions have largely expired.

We expect little to change in 2023. Higher oil prices mean state finances are in relatively good shape for now, which we forecast will keep Anchorage's state government stable.

Local government has weathered major changes over the last three years, mainly at the Anchorage School District, which represents three-quarters of local government jobs. The rest are with the Municipality of Anchorage.

Public school employment contracted during the second half of 2020 and the first half of 2021 with online and hybrid learning, then crept back in the second half of 2021 and throughout 2022 as school resumed in person. Last year was still about 500 jobs below 2019, however.

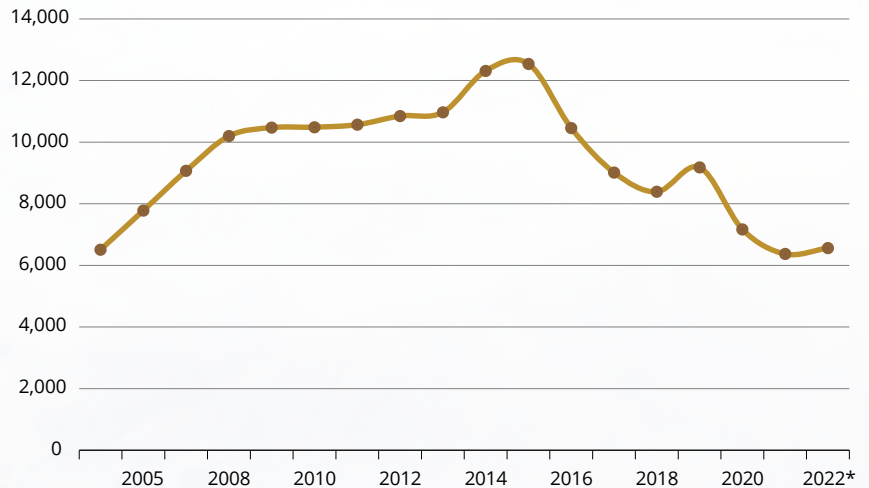
The outlook is murky for the school district and the city because of budget woes for both. Flat employment is the most likely scenario for 2023.

Retail faces permanent dampers

Retail has struggled for the last decade. E-commerce restricted growth first, then the statewide recession from 2015 to 2018 hit the industry hard. In 2020, Anchorage's retail industry lost another 1,400 jobs, followed by anemic recovery in 2021 and 2022.

E-commerce will continue to grow, and the tight labor market and population losses will further

North Slope oilfield jobs started to recover in 2022



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

restrict job growth. Automation will also curtail retail expansion; self-checkout systems are an example. Retail in the adjacent Matanuska-Susitna Borough also continues to grow, taking some market share from Anchorage.

Anchorage retail employment peaked in 2015 at 18,100 jobs, so even the forecasted 2.5 percent bump this year would result in a still-noticeably smaller industry of just under 16,000 jobs.

A third strong year anticipated for visitor-related industries

Independent visitors made a strong showing in 2021 even though cruise ships and convention traffic didn't return, and many visitor-related businesses approached records that year.

In 2022, cruise ships returned and independent travelers continued to show. Convention and business meetings also more than doubled from the year before, and hotel and car rentals jumped. Hotel receipts through June of 2022 were 29 percent higher than in 2021, and car rentals were up 72 percent. (Some of the increase was due to higher prices.)

Hotel employment in June was 22 percent above June 2021, although still 16 percent shy of 2019.

All of this was good news for multiple industries, especially leisure and hospitality. Another record season is in the making, and the Alaska Railroad

Anchorage Forecast

predicts a 7 percent increase in passengers. Convention activity and corporate travel won't reach 2019 levels, but they'll get a boost from national and intrastate business.

The possibility of a national recession looms, however, and the strong dollar and the opening of Europe and Canada could pull some independent visitors elsewhere this year.

Restaurants and bars will find more employees this year

Restaurants and bars often come to mind when discussing COVID and post-COVID impacts. After the industry hit rock bottom in 2020 — losing 2,400 jobs in Anchorage, or 21 percent — it began inching toward recovery. Eating and drinking added another 1,000 jobs in 2022 and we forecast it will continue growing in 2023.

Recruitment remains difficult for many industries, but as with retail, it's amplified for restaurants and bars. Lower wages, scheduling at all hours, and significant part-time employment make it especially hard to compete with other industries that also need workers.

The worker shortage and the slow return of demand mean eating and drinking will need more than one additional year to regain 2019 job levels, but we forecast robust growth this year with more consumers and a better visitor season.

Transportation remains strong as new airlines enter

Transportation is one of the few Anchorage industries that not only fully recovered by 2022 but reached a new peak. Much of the impetus came from courier express services, such as FedEx and UPS, which are tied to the massive increase in e-commerce and fast delivery.

Jobs in scheduled airlines also grew into record territory by the second quarter of 2022 as people traveled more. Two new international airlines began flying into Anchorage last year: Eurowings Discover and Flair Airlines.

Other parts of the industry also made strides, including scenic and sightseeing transportation (tied to tourism) and trucking.

We forecast transportation will perform well again this year as the economy continues to recover, although at a more muted level — 2022's growth spurt probably won't repeat.

Rising interest rates blunt the city's financial sector

The financial industry in Anchorage grew some in 2022, but it has recently grappled with a weak stock market, a softer real estate market, and less mortgage activity. Home sales fell from 3,716 in the first nine months of 2021 to 3,282 during the same stretch in 2022, the first decline in several years. For this reason, we don't expect this industry will grow in 2023.

Health care trends are mixed

Health care's job trends have been somewhat mysterious since employment fell in 2020. The industry regained most of those lost jobs in 2021, then declined slightly in 2022. Hospital job levels held steady over most of that period, but recovery for ambulatory care (doctor's offices, clinics, etc.) and nursing care facilities has been slow. Nursing care shows signs of stabilizing.

Health care may not have recovered its pre-pandemic job levels because of difficulty filling open positions. Health care employment has recovered on a national level, though, and demographic trends point toward eventual full recovery and growth.

Alaska's 65-plus population nearly doubled from 2010 to 2021 and grew by 6,000 from 2020 to 2021 alone. This age group will keep growing through at least 2035. As Anchorage is the state's health care hub, an older Alaska will raise demand for health services in the city.

Inflation's role in the outlook

Inflation hadn't been an issue in Anchorage's economy for many years, averaging 1.5 percent for

Continued on page 26

Fairbanks jobs forecast for 2023

Military growth continues to provide an economic buffer

By SARA TEEL

Fairbanks wasn't hit quite as hard by pandemic job losses as Anchorage and Southeast. The Fairbanks North Star Borough's employment fell 6.6 percent in 2020 while Anchorage lost 7.9 percent of its jobs and Southeast 13.5 percent.

As a regional hub with a university campus and two military bases, Fairbanks doesn't rely on tourism as much as some other regions. Many businesses remained open, as they were deemed essential. Fairbanks had another buffer, too: a military influx. The borough gained population in recent years while most of the state continued to lose people to migration.

Later in the pandemic, Fairbanks grappled with the same supply chain bottlenecks and staffing shortages as the rest of the nation, which continued into 2022 accompanied by high energy costs, rising inflation, and increasing housing prices.

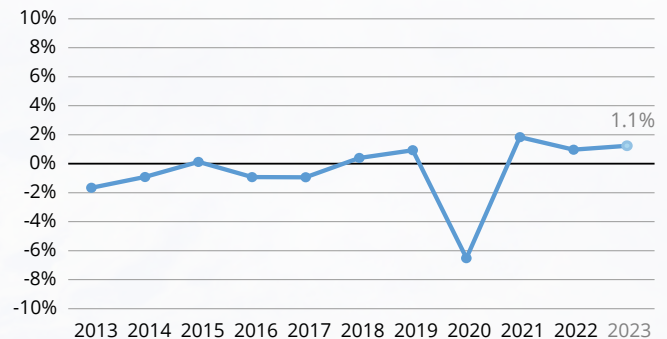
The borough's job count grew by 1.7 percent in 2021 — about 600 — and while recovery continued in 2022, growth was marginal at 0.8 percent. The private sector added 500 jobs last year, mainly in leisure and hospitality, but Fairbanks lost 200 government jobs.

We forecast a little more job growth than last year, at 1.1 percent (about 400 jobs). This looks like a challenging year for Fairbanks, with uncertainty about oil prices, inflation, the war in Ukraine and what it could mean for troops and prices, continued supply and worker shortages, and a possible national recession. The federal Infrastructure Investment and Jobs Act will stimulate some growth this year, but substantial funding disbursement isn't likely in 2023.

Infrastructure projects coming, but timeline is not yet clear

While the funding disbursement timeline for the infrastructure bill remains unclear, Fairbanks is

A third year of minor job recovery on the horizon for Fairbanks area



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

in line to benefit. The area's allotment will include \$1 million for a watershed restoration project, \$1 million for Yukon-Tanana uplands restoration, \$2.4 million for upgrades of the bus system, \$3.8 million for the Fairbanks International Airport, and \$146.4 million for hydropower and marine energy research at the University of Alaska Fairbanks.

Military buildup reversed population decline trend

Fairbanks' population had declined an average of 1 percent a year since 2012, but in 2019, the first wave of new military personnel and families arrived with the installation of the F-35 fighter jets at Eielson Air Force Base. While the pandemic altered the planned arrival timeline, by late spring of 2022, the number of active duty personnel and their families at Eielson had more than doubled. Eielson had almost 3,600 people in 2019 and more than 7,600 in the first half of 2022.

A larger population usually demands more goods and services, but pandemic-linked job losses overshadowed the gains spurred by population growth. The borough's job recovery would have been slower without this cushion, though.

The outlook for Fairbanks North Star Borough jobs, by industry

	Monthly avg, 2021 ¹	Monthly avg, 2022 ¹	Change, 2021-22	Percent change	JOBS FORECAST		
					Monthly avg, 2023	Change, 2022-23	Percent change
Total Nonfarm Employment²	36,000	36,300	300	0.8%	36,700	400	1.1%
Total Private	25,700	26,200	500	1.9%	26,600	400	1.5%
Mining and Logging	900	900	0	0%	900	0	0%
Construction	2,500	2,500	0	0%	2,600	100	4.0%
Manufacturing	500	600	100	20.0%	600	0	0%
Trade, Transportation, and Utilities	7,200	7,100	-100	-1.4%	7,200	100	1.4%
Wholesale Trade	600	600	0	0%	600	0	0%
Retail Trade	4,600	4,500	-100	-2.2%	4,600	100	2.2%
Transportation, Warehousing, and Utilities	2,000	2,000	0	0%	2,000	0	0%
Information	300	300	0	0%	300	0	0%
Financial Activities	1,100	1,200	100	9.1%	1,200	0	0%
Professional and Business Services	2,600	2,500	-100	-3.8%	2,600	100	4.0%
Educational (private) and Health Services	5,400	5,400	0	0%	5,400	0	0%
Health Care	4,200	4,200	0	0%	4,200	0	0%
Leisure and Hospitality	4,100	4,500	400	9.8%	4,600	100	2.2%
Other Services	1,100	1,200	100	9.1%	1,200	0	0%
Total Government	10,300	10,100	-200	-1.9%	10,100	0	0%
Federal, except military	3,200	3,200	0	0%	3,200	0	0%
State, incl. University of Alaska	4,300	4,300	0	0%	4,300	0	0%
Local and tribal, incl. public schools	2,800	2,600	-200	-7.1%	2,600	0	0%

¹Preliminary and adjusted estimates. ²Excludes the self-employed, uniformed military, most commercial fishermen, domestic workers, and unpaid family workers.

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

Fairbanks' forecasted job recovery to pre-pandemic levels, by industry

	2019 jobs	2023 forecasted	Difference from 2019
Total Nonfarm Employment	37,900	36,700	-3.2%
Total Private	27,500	26,600	-3.3%
Mining and Logging	800	900	12.5%
Construction	2,700	2,600	-3.7%
Manufacturing	600	600	0%
Transportation, Trade, and Utilities	7,800	7,200	-7.7%
Wholesale Trade	600	600	0%
Retail Trade	4,800	4,600	-4.2%
Transp, Warehousing, and Utilities	2,400	2,000	-16.7%
Information	400	300	-25.0%
Financial Activities	1,200	1,200	0%
Professional and Business Services	2,800	2,600	-7.1%
Educational (private) and Health Svcs	5,600	5,400	-3.6%
Health Care	4,200	4,200	0%
Leisure and Hospitality	4,600	4,600	0%
Other Services	1,000	1,200	20%
Total Government	10,500	10,100	-3.8%
Federal, except military	3,100	3,200	3.2%
State, incl. University of Alaska	4,500	4,300	-4.4%
Local and tribal, incl. public schools	2,900	2,600	-10.3%

Note: May not sum because of rounding. Excludes the self-employed, uniformed military, most commercial fishermen, domestic workers, and unpaid family workers.

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

Homes built, but not enough to meet demand

Local housing stock wasn't sufficient for thousands of new residents, so Fairbanks' and North Pole's city governments encouraged construction by offering tax breaks for new multi-family homes. New housing went up — more in North Pole than Fairbanks — but less than anticipated.

Fairbanks usually has higher rental vacancy rates than most Alaska communities, in part because its population is more transient with university students and staff, military, and the flow of North Slope workers. The borough hit 19 percent vacancy in 2020, which dropped to 7 percent in 2022 — the lowest in over a decade.

With increased competition, rent rose 4.7 percent last year — and as households spend more of their income on housing, they spend less elsewhere.

Fairbanks Forecast

Spark renewed for businesses, tourism

Tourism-related revenue went way up in 2022, although much of that came from higher hotel room prices. In the first three quarters of 2022, the borough collected 41 percent more in bed taxes than in 2019, at just over \$81 million. According to Explore Fairbanks, a tourism association, hotel occupancy rates in Fairbanks and North Pole rose 8.9 percent from 2021 to 2022 while hotel rates in Fairbanks jumped 20 percent.

The number of air and rail passengers also increased from 2021 to 2022. As of September, air travel was 15 percent higher and rail traffic was up 70 percent from the year before as conferences, concerts, and other multi-day events picked up. We expect these trends to continue this year.

Tourism's return generated some job recovery in 2022. The borough added 400 jobs in leisure and hospitality — hotels, restaurants, and recreational activities — the sector hurt the most in 2020.

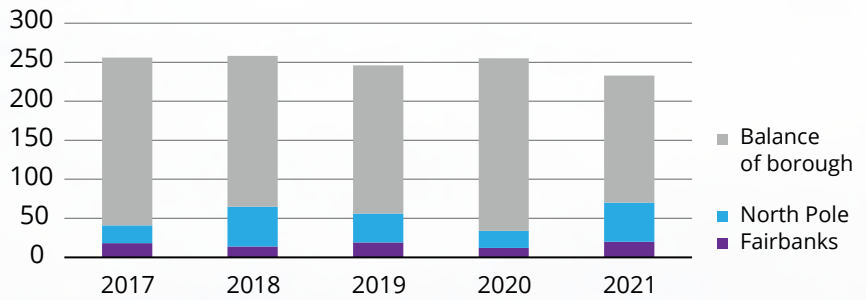
We forecast an additional 100 jobs for leisure and hospitality in 2023 and another 100 jobs for retail (both 2.2 percent).

A slate of new, ongoing projects

Construction and renovations that will continue into 2023 include a new brewery, a second UMW location (Express Department of Motor Vehicles) with room for a store or café, and an indoor shooting range. A chiropractic business is renovating the empty Denny's restaurant, a veterinary clinic is moving to a larger space, and a marijuana dispensary is expanding its current location.

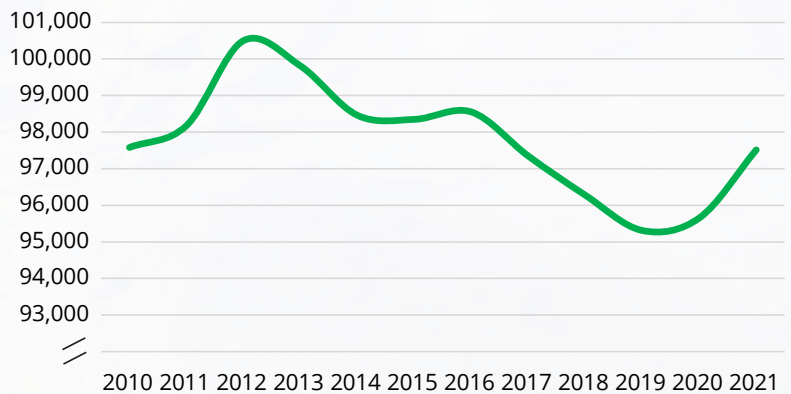
The demolition of the derelict 1952 Polaris Hotel

More new homes built in North Pole last year as military buildup increased demand



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

Population decline reversed with arrival of F35s



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

downtown may begin in 2023. The city is in line to receive \$10 million from the Environmental Protection Agency, as the building contains a range of hazardous materials from asbestos to black mold. The EPA considers it an emergency and has expedited the process.

The \$148 million Moose Creek Dam Modification Project in the Chena Lakes Recreation Area began last summer. Coined a mega project because of its scope and complexity and led by the U.S. Army Corps of Engineers, the project's first phase will continue until 2024.

Other construction projects scheduled this year include reconstruction of 5th Avenue and the intersection of Airport Way and Cushman Street, resurfacing of Chena Ridge and Chena Pump Road, and road work on Yankovich.

With these ongoing and upcoming projects and

Fairbanks Forecast

infrastructure funding trickling in, we forecast a modest increase for construction employment at 100 jobs, or 4 percent. As a result, we expect professional and business services to grow in tandem.

Federal, state government flat

Federal government employment remained flat through 2022 at 3,200 total jobs. The fire season may push that up this summer, but the overall flat trend is forecasted to continue for this year.

Similarly, state government had the same number of jobs in 2022 as the year before (4,300), most at the University of Alaska Fairbanks. UAF has absorbed a multi-year budget cut of \$70 million, and we forecast no change this year as its job losses stabilize.

Public schools grapple with fewer students, years of flat funding

Fairbanks' local governments expect more revenue this year. The Fairbanks North Star Borough projects an \$8.5 million higher operating budget during the current cycle than last year and \$3.9 million from the state for school construction. A property tax hike and higher hotel bed taxes have given the

city and borough more breathing room. We expect no change in job levels in 2023 as local governments adjust to recent economic changes.

Public schools faced a more challenging environment last year. The state provides 65 percent of the Fairbanks North Star Borough School District's funding, allocated on a per-student basis, and fewer students means less money. Per-student funding increased slightly just once in six years, but costs have risen considerably.

The 2015-2016 school year was the last time enrollment increased in the borough. The pandemic accelerated this downward trend, resulting in an almost 15 percent drop in students. Although enrollment increased the following school year, it was still 7.3 percent below pre-pandemic levels.

As a result, three schools closed during the 2022-2023 school year: Joy Elementary and Nordale Elementary,

both in Fairbanks; and Anderson Elementary, on Eielson Air Force Base. Middle schools now include grades six through eight, school boundaries have been redrawn, and the Nordale building has been repurposed to house several alternative learning programs.

The federal pandemic CARES Act funded more than 100 jobs but expired at the end of the last school year. Partly as a result, local government employment fell 7.1 percent (-200) in 2022.

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

Fairbanks has a slate of on-going construction projects and renovations that will continue into 2023.

Southeast jobs forecast for 2023

2.5% growth after a stronger-than-expected 2022

By **KARINNE WIEBOLD**
and **SARA TEEL**

Southeast Alaska performed better than expected last year, adding 2,400 jobs instead of the 1,400 forecasted. Transportation and the tourism-linked leisure and hospitality sector grew the most.

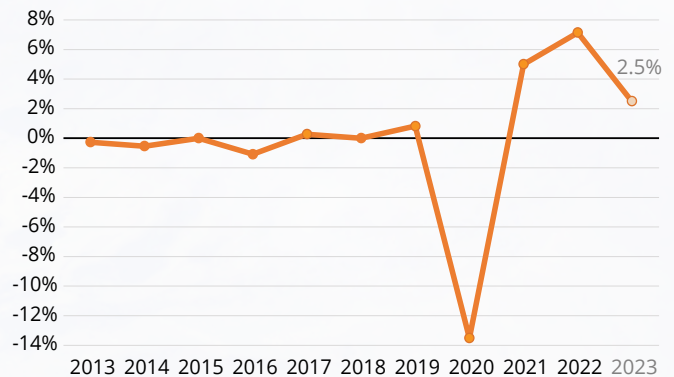
Southeast's rebound over the last couple of years was more dramatic than other areas, but its economy also suffered more than most in 2020 when the pandemic eliminated nearly two years of tourism and closed many businesses and schools. Jobs began to return in 2021, with gains in eateries, transportation, and seafood processing, and the recovery picked up steam in 2022.

We anticipate slower growth this year, at up to 900 jobs (2.5 percent), which would bring the region within 200 jobs of its pre-pandemic level.

Federal infrastructure funds will help rejuvenate ferries

The federal infrastructure bill will boost the

A third year of job recovery on the horizon for Southeast, but smaller

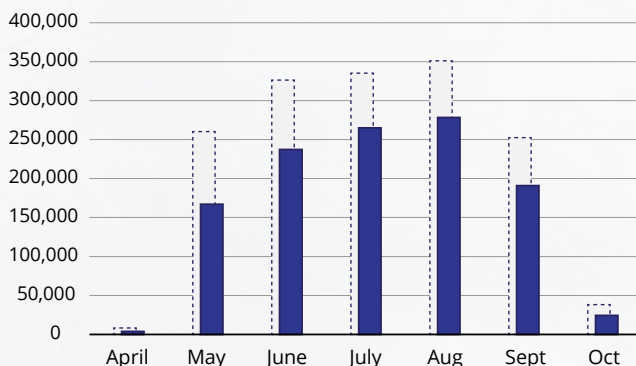


Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

region's economy in the coming years, although funds will be spread over the next five years. Southeast Alaska qualifies for multiple grants and programs under the bill, including:

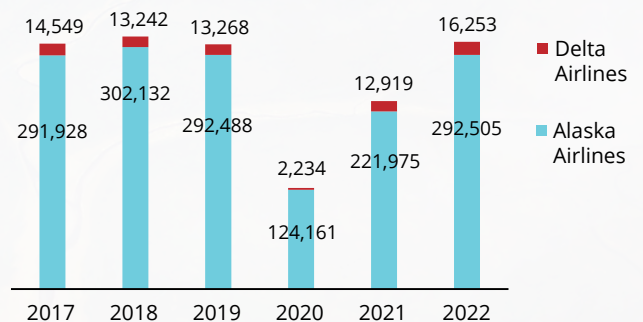
- Construction of ferries and Alaska Marine Highway terminal facilities

Juneau cruise ship passengers in 2022 and total ship capacity



Source: Juneau Docks and Harbors

Juneau airport traveler numbers topped pre-pandemic level in 2022



Notes: Enplanements only. For consistency with 2022, all years reflect traveler numbers through November only.

Source: Juneau International Airport

The outlook for Southeast Region jobs, by industry

	Monthly avg, 2021 ¹	Monthly avg, 2022 ¹	Change, 2021-22	Percent change	JOBS FORECAST		
					Monthly avg, 2023	Change, 2022-23	Percent change
Total Nonfarm Employment²	33,600	36,000	2,400	7.1%	36,900	900	2.5%
Total Private	21,600	24,000	2,400	11.1%	24,800	800	3.3%
Mining and Logging	1,000	1,100	100	10.0%	1,100	0	0%
Construction	1,400	1,500	100	7%	1,600	100	6.7%
Manufacturing	2,000	1,700	-300	-15.0%	1,800	100	5.9%
Seafood Processing	1,500	1,200	-300	-20.0%	1,300	100	8.3%
Trade, Transportation, and Utilities	6,000	7,300	1,300	21.7%	7,500	200	2.7%
Retail Trade	3,700	4,000	300	8.1%	4,100	100	2.5%
Transportation and Warehousing	2,000	2,800	800	40.0%	2,900	100	3.6%
Information	400	400	0	0%	400	0	0%
Financial Activities	900	1,000	100	11%	1,000	0	0%
Professional and Business Services	1,500	1,600	100	6.7%	1,700	100	6.3%
Educational (private) and Health Services	4,200	4,100	-100	-2.4%	4,100	0	0%
Health Care	2,800	2,700	-100	-3.6%	2,700	0	0%
Leisure and Hospitality	3,200	4,200	1,000	31.3%	4,500	300	7.1%
Other Services	1,000	1,100	100	10.0%	1,100	0	0%
Total Government	12,000	12,000	0	0%	12,100	100	1%
Federal, except military	1,400	1,400	0	0%	1,400	0	0%
State, incl. University of Alaska	4,400	4,300	-100	-2.3%	4,300	0	0%
Local and tribal, incl. public schools	6,200	6,300	100	1.6%	6,400	100	2%

¹Preliminary and adjusted estimates. ²Excludes the self-employed, uniformed military, most commercial fishermen, domestic workers, and unpaid family workers.

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

Southeast's forecasted job recovery to pre-pandemic levels, by industry

	2019 jobs	2023 forecasted	Difference from 2019
Total Nonfarm Employment	37,100	36,900	-0.5%
Total Private	24,600	24,800	0.8%
Mining and Logging	1,100	1,100	0%
Construction	1,400	1,600	14.3%
Manufacturing	1,800	1,800	0%
Seafood Processing	1,300	1,300	0%
Transportation, Trade, and Utilities	7,500	7,500	0%
Retail Trade	4,200	4,100	-2.4%
Transportation and Warehousing	2,900	2,900	0%
Information	500	400	-20.0%
Financial Activities	1,000	1,000	0%
Professional and Business Services	1,600	1,700	6.3%
Educational (private) and Health Svcs	4,200	4,100	-2.4%
Health Care	2,800	2,700	-3.6%
Leisure and Hospitality	4,300	4,500	4.7%
Other Services	1,200	1,100	-8.3%
Total Government	12,500	12,100	-3.2%
Federal, except military	1,400	1,400	0%
State, incl. University of Alaska	4,700	4,300	-8.5%
Local and tribal, incl. public schools	6,400	6,400	0%

Note: May not sum because of rounding. Excludes the self-employed, uniformed military, most commercial fishermen, domestic workers, and unpaid family workers.

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

- A pilot program for low-emissions ferries
- Reconstruction of the Haines Cutoff Highway
- Additional Coast Guard funding, including for child care in Sitka and Ketchikan
- Maintenance and removal of fish passage barriers, which are important for salmon harvests
- A reduction in the permitting timeline for critical mineral projects such as Bokan Mountain on Prince of Wales Island

Ferry repairs and restored services will create some state government jobs and spur indirect job growth in multiple industries, but those effects and the overall economic impact will be hard to predict or correlate.

Ferries provide critical transportation for Southeast communities, as

Southeast Forecast

nearly all are off the road system, but budget cuts and declining ridership have curtailed or eliminated service.

Government will mostly level out

Because Juneau is the state capital and a regional hub for federal employment, government represents about one in three jobs in Southeast. (Statewide, it's about one in four.) Government employment has been on a downward slide for a decade, however, with 1,900 jobs lost overall. Almost two-thirds of the losses came from state government, which includes the ferry system.

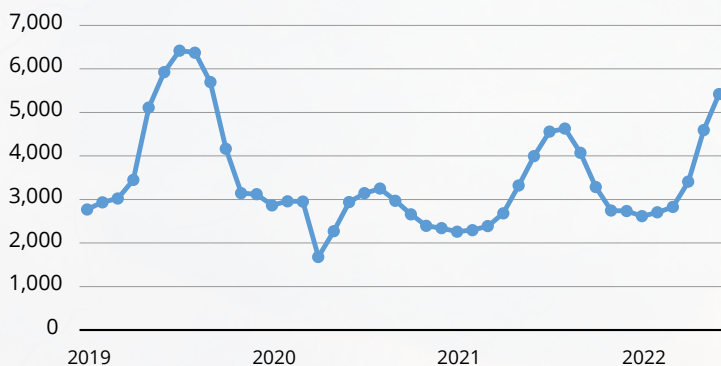
Local government, including public schools, represents over half of Southeast government employment. While local governments shrunk considerably during the pandemic with school closures, the 2022 job count landed just 300 below 2019.

Local government employment will increase by 100 in 2023, but the change will probably be a technicality rather than growth because of the pending transfer of Wildflower Court, a private nonprofit nursing home in Juneau, from private to public ownership by Bartlett Regional Hospital. Wildflower Court struggled with a nursing staff shortage and difficulty recruiting in recent years.

The Juneau School District is unlikely to add jobs, as it faces a major budget deficit for 2023-2024.

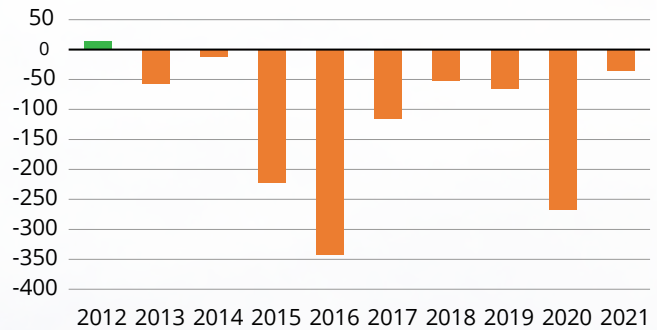
We forecast flat overall employment for state and federal government after a decade of losses. State

Southeast leisure, hospitality near recovery



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

Southeast has been losing state government jobs for a near-decade



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

government is 25 percent smaller than it was in 2012, and federal employment is down 18 percent.

Expectations are high for all types of travel in 2023

Multiple industries in Southeast are linked to tourism. In 2019, nearly half of the region's transportation employment was visitor-related; helicopter tours and fishing charters are examples. That share dropped to one in four in 2020 as the visitor season evaporated, then recovered in 2021 to about one in three.

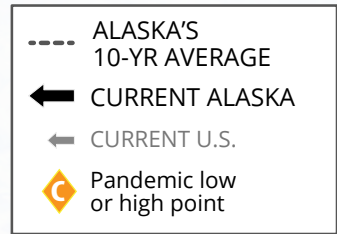
Southeast anticipates a strong visitor turnout in 2023. A full slate of cruise ships arrived in 2022 with an extended season, albeit with fewer passengers. Even though 2022 was still a recovery year and ships were only about 75 percent full, the number of visitors — 1.2 million — rivaled pre-pandemic numbers. The industry anticipates an all-time high of 1.6 million during the upcoming season.

Airport numbers tell a similar story. Juneau International Airport statistics show that by late 2022, passenger volume had exceeded 2019 levels. Travel has picked back up, and Delta Airlines is offering year-round service in Juneau again for the first time since 2016.

While Ironman Alaska provided a visitor boost in 2022, it was a one-time event — but other large events will continue or

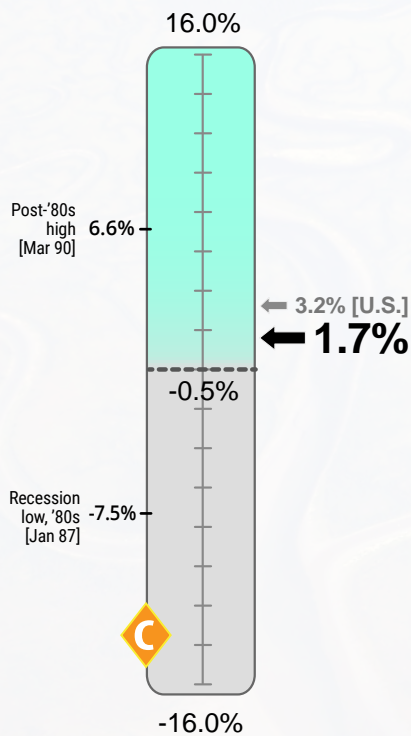
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Gauging The Economy



Job Growth

November 2022
Over-the-year percent change

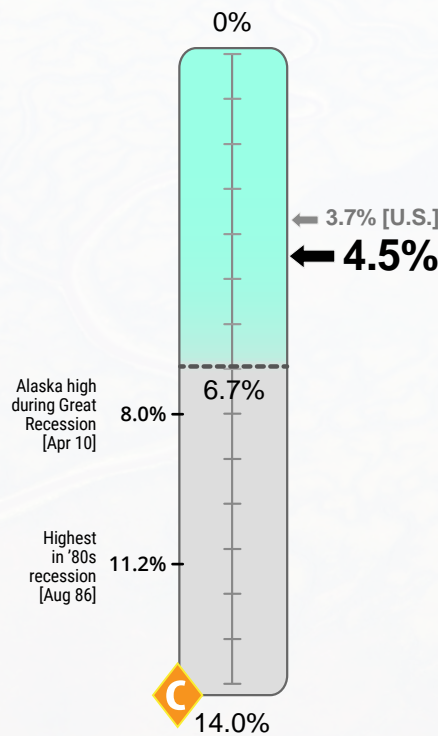


The spread of COVID-19 caused rapid job loss in early 2020. Although employment is up significantly from pandemic lows, it is still 2.3 percent below November 2019.

U.S. employment, which was up 3.2 percent from October 2021, is now 1.2 percent above its 2019 level.

Unemployment Rate

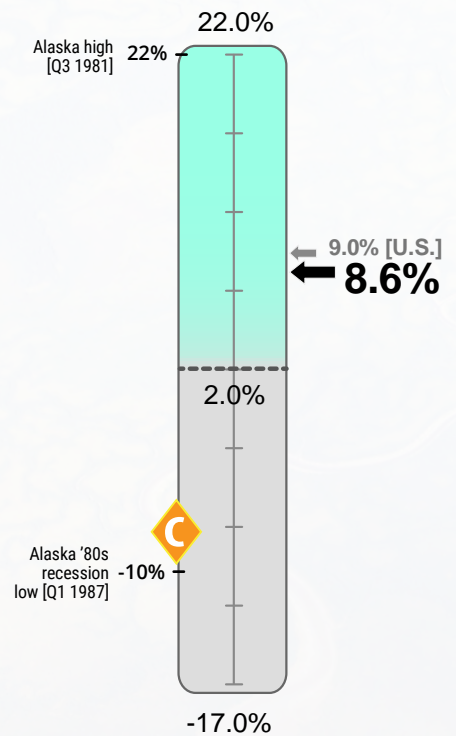
November 2022
Seasonally adjusted



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

2nd 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 in the fourth quarter of 2020.

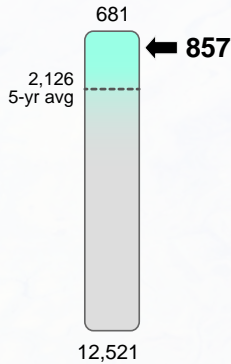
Wages were up 8.6 percent from year-ago levels in the second quarter of 2022 and 11.6 percent above second quarter 2019.

Gauging The Economy

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

Initial Claims

Unemployment, week ending Dec. 3, 2022*

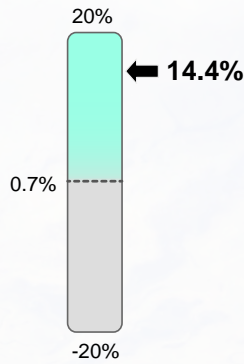


Unemployment claims jumped in the spring of 2020 with the pandemic as many businesses shut down or limited services. Pandemic-driven claims loads have fallen, and new claims for benefits are back below their long-term average.

*Four-week moving average ending with specified week

GDP Growth

2nd Quarter 2022
Over-the-year percent change*

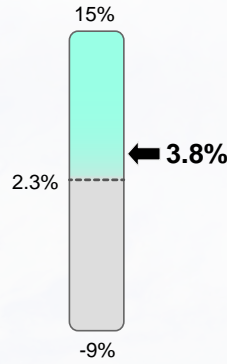


Gross domestic product is the value of the goods and services a state produces. Alaska's GDP fell hard in early 2020 but recovered most of those losses in 2021.

*In current dollars

Personal Income Growth

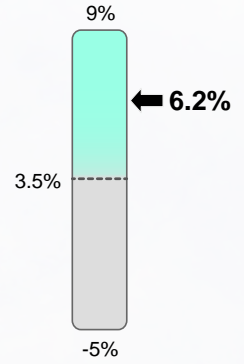
2nd Quarter 2022
Over-the-year percent change



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 2022*

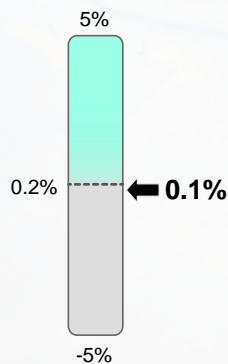


Home prices shown include only those for which a commercial loan was used. This indicator tends to be volatile from quarter to quarter.

*Four-quarter moving average ending with specified quarter

Population Growth

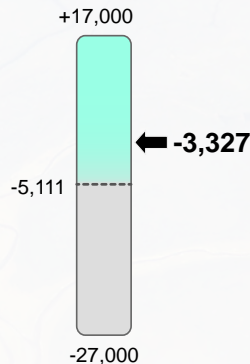
2020 to 2021



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

Net Migration

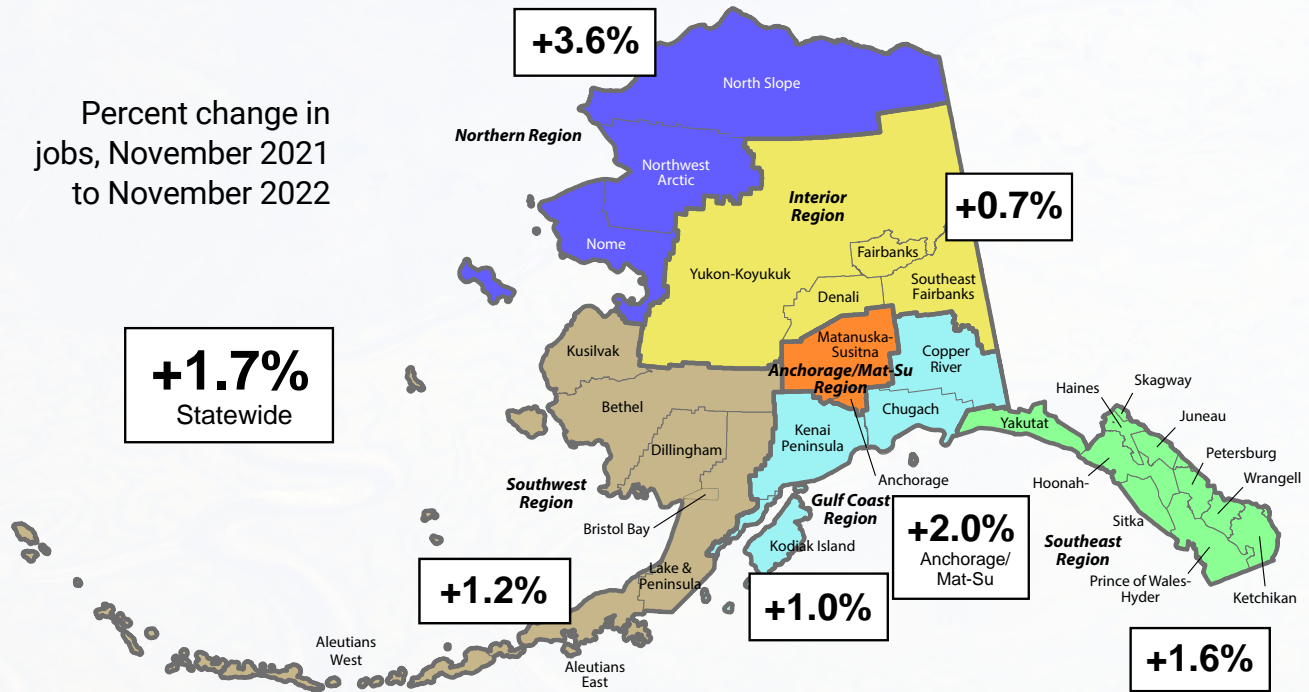
2020 to 2021



The state had net migration losses for the ninth consecutive year in 2021, although the loss was smaller. Net migration is the number who moved to Alaska minus the number who left.

Employment by Region

Percent change in jobs, November 2021 to November 2022



Unemployment Rates

Seasonally adjusted

	Prelim.		Revised
	11/22	10/22	11/21
United States	3.7	3.7	4.2
Alaska	4.5	4.5	5.5

Not seasonally adjusted

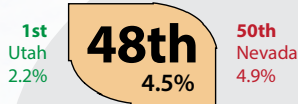
	Prelim.		Revised
	11/22	10/22	11/21
United States	3.4	3.4	3.9
Alaska	4.3	3.8	5.3

Regional, not seasonally adjusted

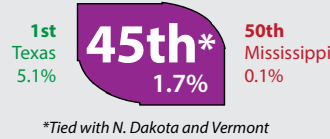
	Prelim.			Revised				Prelim.			Revised		
	11/22	10/22	11/21	11/22	10/22	11/21		11/22	10/22	11/21	11/22	10/22	11/21
Interior Region	4.3	3.6	5.0	Southwest Region	8.1	6.7	9.3	Southeast Region	4.2	3.4	5.1		
Denali Borough	13.7	10.0	11.6	Aleutians East Borough	3.7	2.0	3.0	Haines Borough	8.5	6.4	10.3		
Fairbanks N Star Borough	3.9	3.3	4.5	Aleutians West Census Area	4.3	3.8	4.6	Hoonah-Angoon Census Area	8.2	4.8	8.8		
Southeast Fairbanks Census Area	5.3	4.3	6.4	Bethel Census Area	9.0	8.2	11.1	Juneau, City and Borough	2.9	2.5	3.7		
Yukon-Koyukuk Census Area	8.9	7.4	10.7	Bristol Bay Borough	6.5	3.5	9.1	Ketchikan Gateway Borough	4.7	3.8	5.7		
Northern Region	7.4	6.6	7.9	Dillingham Census Area	6.4	6.1	6.9	Petersburg Borough	6.5	4.1	7.3		
Nome Census Area	7.0	6.3	8.4	Kusilvak Census Area	14.0	11.4	16.9	Prince of Wales-Hyder Census Area	5.9	5.1	6.8		
North Slope Borough	5.0	5.0	5.6	Lake and Peninsula Borough	7.8	6.0	7.6	Sitka, City and Borough	2.9	2.6	3.8		
Northwest Arctic Borough	10.4	8.8	9.5	Gulf Coast Region	5.6	4.6	6.4	Skagway, Municipality	12.2	7.9	14.5		
Anchorage/Mat-Su Region	3.7	3.3	4.8	Kenai Peninsula Borough	5.3	4.5	6.2	Wrangell, City and Borough	6.1	4.5	7.0		
Anchorage, Municipality	3.3	3.1	4.5	Kodiak Island Borough	5.8	3.7	6.4	Yakutat, City and Borough	6.7	3.9	7.6		
Mat-Su Borough	4.7	4.1	5.7	Chugach Census Area	4.5	4.2	7.2						
				Copper River Census Area	14.2	10.9	8.8						

How Alaska Ranks

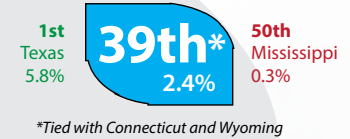
Unemployment Rate¹



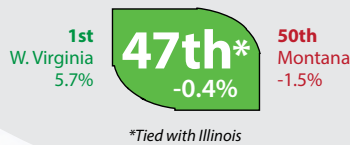
Job Growth²



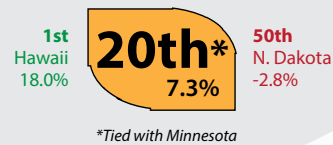
Job Growth, Private²



Job Growth, State Government²



Job Growth, Leisure and Hospitality²



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

¹November seasonally adjusted unemployment rates

²November 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)	252.271	1st half 2022	232.679	+8.4%
Commodity prices				
Crude oil, Alaska North Slope, * per barrel	\$92.58	Nov 2022	\$82.14	+12.7%
Natural gas, Henry Hub, per thousand cubic feet (mcf)	\$6.43	Nov 2022	\$5.12	+25.6%
Gold, per oz. COMEX	\$1,787.80	12/16/2022	\$1,804.90	-0.9%
Silver, per oz. COMEX	\$23.21	12/16/2022	\$22.53	+3.5%
Copper, per lb. COMEX	\$3.76	12/16/2022	\$4.30	-12.6%
Zinc, per lb.	\$1.40	12/16/2022	\$1.55	-9.7%
Lead, per lb.	\$0.97	12/16/2022	\$1.05	-7.6%
Bankruptcies				
Business	54	Q3 2022	40	+35%
Personal	3	Q3 2022	2	+50%
	51	Q3 2022	38	+34.2%
Unemployment insurance claims				
Initial filings	5,236	Nov 2022	7,122	-26.5%
Continued filings	24,485	Nov 2022	33,937	-27.9%
Claimant count	6,067	Nov 2022	8,534	-28.9%

*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

ANCHORAGE

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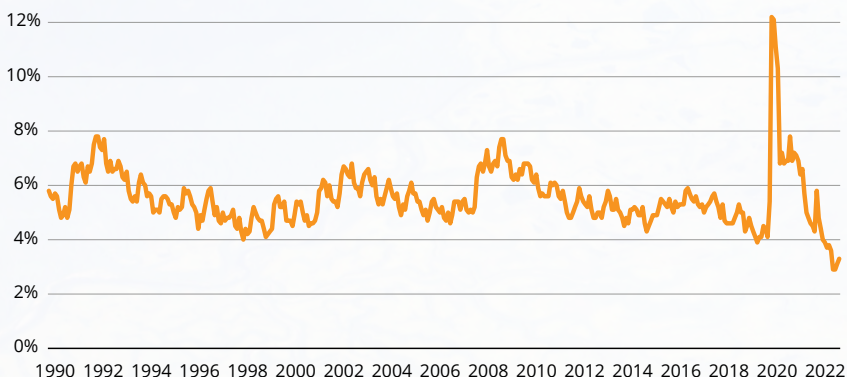
the decade until 2020, but in the past two years, it reached levels not seen since 1990.

Inflation started slowly in 2021, then accelerated. By December, inflation hit 7.2 percent. For the entire year, prices increased 4.9 percent. (The Consumer Price Index for Urban Alaska, which is based on Anchorage and the Mat-Su Borough, is Alaska's sole measure of inflation. The CPI is released six times a year as well as annually.)

Higher rates continued into 2022, and all but December numbers were available when this article was published. With five out of six periods in, the average for the year was 8.5 percent.

Trying to forecast inflation is a fool's errand, but price increases show some signs of moderating in 2023. Many supply chain problems that spurred these cost increases have worked themselves out,

Anchorage unemployment rate hit a low in 2022



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

and energy prices are stabilizing. The nation faces a possible recession in 2023, which could also ease prices. At the national level, predictions are as low as 3.5 percent for 2023. The first numbers for 2023 will be for February.

It's also difficult to quantify inflation's effect on future employment, but it creates economic uncertainty, makes it harder to plan, and increases labor costs.

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SOUTHEAST

Continued from page 18

resume as things get back to normal. One example is Celebration, which brings 5,000 people and an estimated \$2 million to Juneau when Alaska Natives from across the region gather each summer.

More visitors overall will drive growth in transportation (100 forecasted jobs), leisure and hospitality (300), and retail (100). These industries will benefit from local demand as well as tourists; Southeast Alaskans have been traveling, shopping, and eating out more as pandemic fears fade.

Forecasted gains for these three industries are slightly below 2022, when they bounced back the most. Last year was the year visitors and locals took the biggest steps toward resuming normal patterns since the pandemic began in early 2020.

Minor growth this year for other key industries

Construction and the professional and business services sector will add 100 forecasted jobs each this year as preparation for federal infrastructure projects begin. Still, as mentioned earlier, most funding and activity will come after 2023.

We forecast manufacturing (mainly seafood processing) will add 100 jobs. That industry's employment fluctuates from year to year, although it peaked in 2014 and 2015. This year's pink salmon harvest, the region's largest, is expected to be weak and fall within the 20th to 40th historical percentiles.

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EMPLOYER RESOURCES

Incumbent worker training funds are available

Did you know the Department of Labor and Workforce Development provides eligible employers with funds for incumbent worker training? IWT can make your business more competitive by ensuring your employees have the necessary skills to keep a job or advance. IWT also increases productivity and profits, helps grow your company, prevents layoffs, and reduces turnover. It can benefit your workers by providing advancement opportunities, industry-recognized credentials, and transferrable skills.

Incumbent worker training is flexible to meet your workforce development needs. For example, employers may use IWT funds for training current employees to operate new machinery or software. Entrepreneurs may use funding to learn specific skills to expand their business so they can hire

additional employees.

To qualify, training must be completed within the fiscal year, which runs from July 1 through June 30, with one IWT grant per year. Employers contribute to the program based on their number of employees, so an employer with 50 or fewer workers would contribute as little as 10 percent of the training costs, and the wages paid during training would count toward their contribution.

Visit <https://labor.alaska.gov/dets/iwtp.htm> for more information or contact dol.iwt@alaska.gov.

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