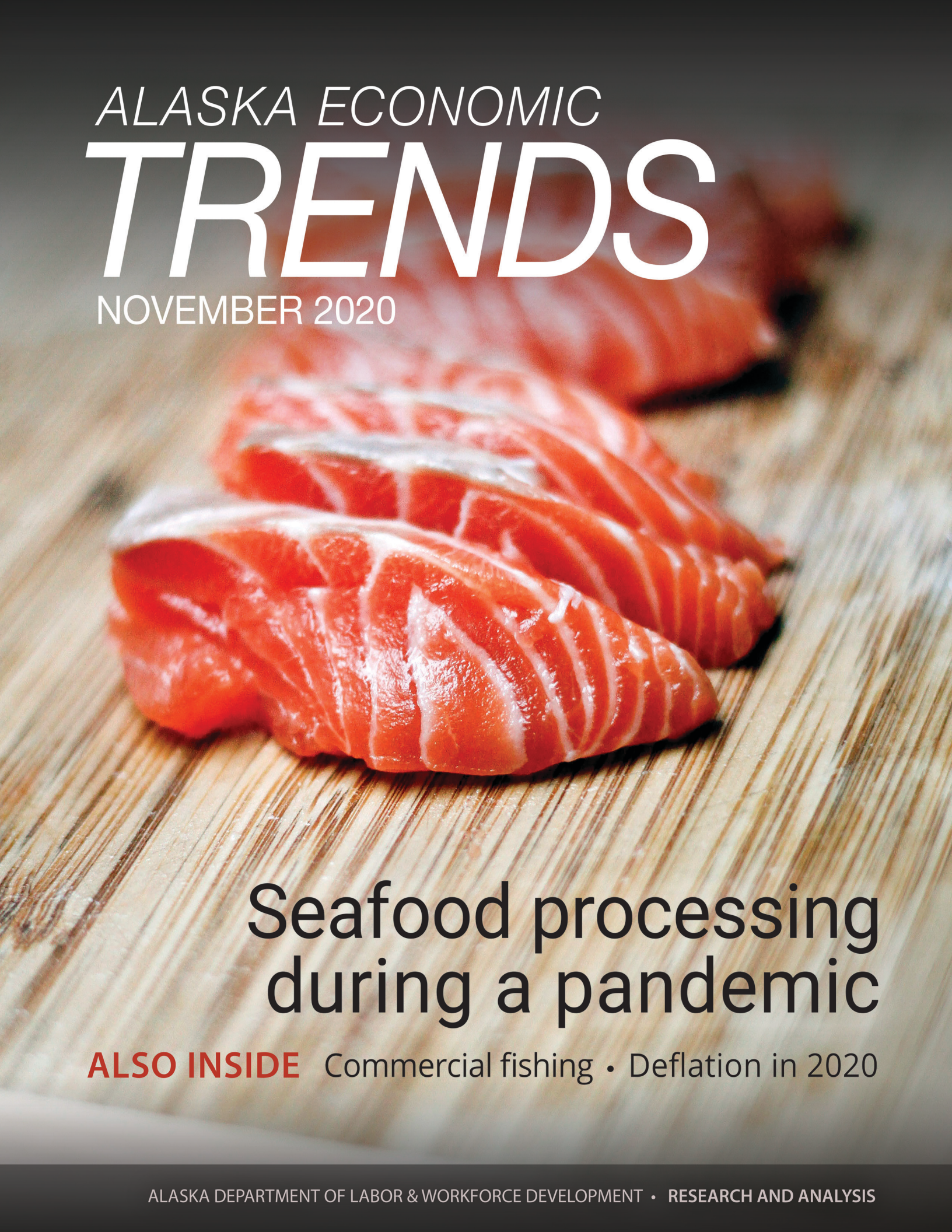
ALASKA ECONOMIC TRENDS

NOVEMBER 2020



Seafood processing during a pandemic

ALSO INSIDE Commercial fishing • Deflation in 2020

ALASKA DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT • **RESEARCH AND ANALYSIS**

NOVEMBER
2020

Volume 40 Number 11
ISSN 0160-3345

SARA WHITNEY
Editor

DAN ROBINSON
Chief, Research
and Analysis

Design by Sara Whitney

ON THE COVER:

Raw salmon photo by
Flickr user "ais3n"

ALASKA ECONOMIC TRENDS

ALASKA
DEPARTMENT of LABOR and WORKFORCE DEVELOPMENT

Governor
Mike Dunleavy

Commissioner
Dr. Tamika L. Ledbetter

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

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.

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

Seafood processing and COVID-19

An industry used to volatility faced a season like no other

By KARINNE WIEBOLD

Fishing seasons are never the same. Multiple variables make yearly swings the norm, and the unpredictability means seafood processing plants must be well-staffed and ready for any eventual harvest. But even for an industry used to volatility, 2020 has been a year like no other.

Seafood processors saw the costs of doing business skyrocket early this year as the COVID-19 pandemic created widespread health and safety concerns. The disruption came just as the industry was preparing to hire for the summer salmon season.

Thousands of workers come to Alaska each year to process the catch, and most arrive in the spring and summer. The summer salmon harvest is the state's highest-value and most labor-intensive. The first surge comes in June as processing employment doubles from about 6,000 jobs in recent years to 12,000 or 13,000. The job numbers peak in July between 20,000 and 21,000.

Demand for the product changed

Alaska's wild crab, halibut, and salmon have always been a hot commodity for restaurants. Just as high-end restaurants get the superior cuts of beef, they buy the best of the world's seafood that's bound for the U.S. market.

Restaurants closed nationwide in the spring, and when they reopened for takeout or limited service, seafood was seldom on the menu.

Demand for frozen fillets at grocery stores increased as people stayed home and cooked more often, but global demand for seafood fell overall. Until people are eating out regularly again, demand for the product will remain reduced and more seafood will end up in grocery stores than usual.

For some villages, COVID-19 raised the specter of previous pandemics, such as the 1918 flu.

Because processing takes place as close to the harvest as possible, remote worksites with no local workforce are common. Some processors hire workers from around Alaska, but most of their employees are from out of state or are foreign workers under the H-2 visa program. For every Alaskan working in the plants, processing companies import three from outside the state.

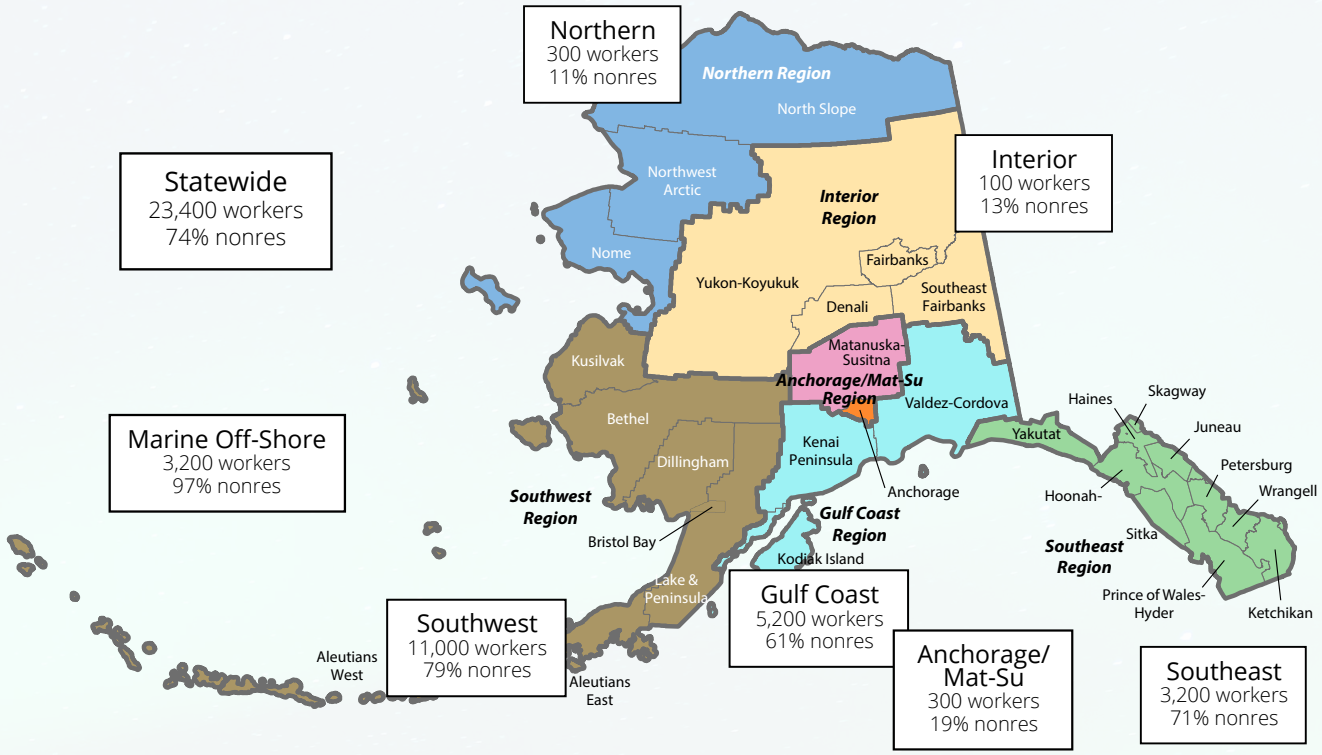
Local safety concerns and expensive mitigation

As COVID-19 spread globally in February and March, small, coastal Alaska communities increasingly feared the arrival of thousands of commercial fishermen and seafood processors. For some communities, COVID-19 raised the specter of past pandemics, such as the 1918 "Spanish" flu. That virus entered isolated villages on the coattails of outsiders and killed more people per capita in Alaska than anywhere in the world besides Samoa.

Early this year, the City of Dillingham and the local Curyung tribe unsuccessfully petitioned Gov. Mike Dunleavy to close the upcoming commercial salmon fishery. In March, the governor declared fish harvesting and processing "essential services."

The state issued health mandates in late April and May for out-of-state fish harvesters and processors. These included mandatory two-week quarantines, often at hotels in hubs such as Anchorage and Juneau, and testing at around $175 per test, at processors' expense. As a result, the industry sank thousands of dollars into each employee before work even began.

Seafood processors and their nonresident percentages by region in 2018



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

Travel costs also increased. The pandemic sidelined flights both to Alaska and to the remote worksites, and the flight shortage was exacerbated by the April exit of Ravn Air Group, a major service provider to western Alaska.

Airline travel remained restricted in May as thousands of seafood processing workers were due to start work. Some companies had to charter private flights, both to transport workers and to keep them isolated from the public.

Processing plants faced sporadic outbreaks and other obstacles

According to a study by Intrafish Media, processors spent an estimated $50 million on additional cleaning, staff, masks, gloves, hand sanitizer, thermometers, quarantines, facility changes, and occasionally on-site health care, but the industry still hit rough patches.

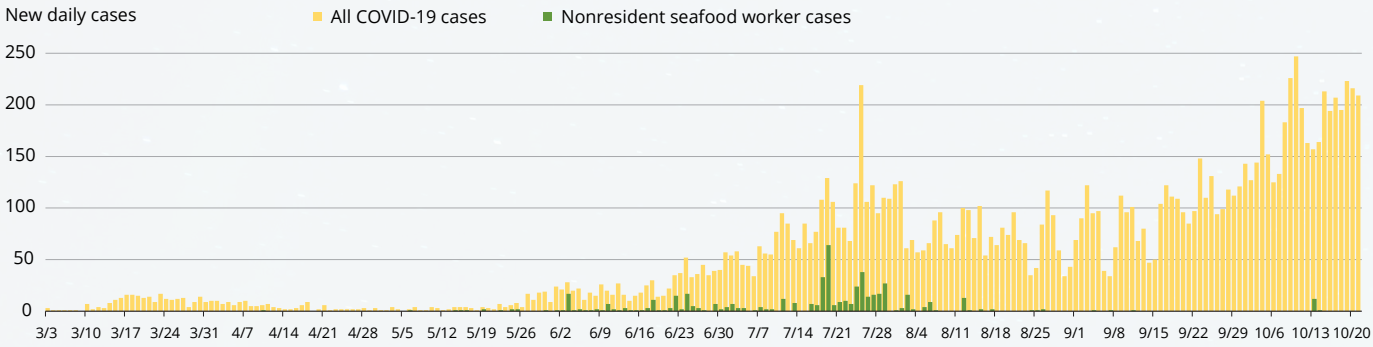
Processing conditions are ideal for spreading a virus once it gets in. Seafood processors work close to each other for long hours in cold, wet environments. They also live together in group quarters, often in remote places with limited access to emergency medical services.

A few processing plants had to close for cleaning and quarantine of exposed staff after outbreaks:

- In June, Whittier Seafood isolated and moved 11 workers to Anchorage to quarantine after they tested positive.
- An OBI plant in Seward handled an outbreak in July of nearly 100 cases. A single positive case prompted the company to test all 262 employees, which turned up 96 positives.
- Late July brought an outbreak on the floating processor American Triumph, which is part of the American Seafood fleet. The crew reported symptoms and were tested when the vessel arrived in Dutch Harbor. Out of the 119 workers, 85 tested positive. The company moved the vessel to Seward, then transported the workers to Anchorage for isolation and treatment.

Others faced outbreaks after their resident

Virus outbreaks among nonresident seafood processors were isolated



Source: Alaska Department of Health and Social Services, Coronavirus Response Hub

workers contracted the virus in the surrounding community. While nonresident processors were forbidden to mingle with locals, local workers faced no such restrictions. Alaska Glacier Seafoods in Juneau attributed their July outbreak among 40 workers to transmission from the community.

Other problems arose before workers even reached Alaska. In June, North Pacific Seafoods hired 150 workers from California and Mexico to work in Naknek through August. Several tested positive before leaving California, so the entire group was quarantined at a Los Angeles hotel for two weeks with no pay and heavy restrictions. The company is being sued for wages and false imprisonment.

While there's no cost estimate for these additional interruptions, they created another layer of pandemic-related expenses for the seafood processing industry to absorb.

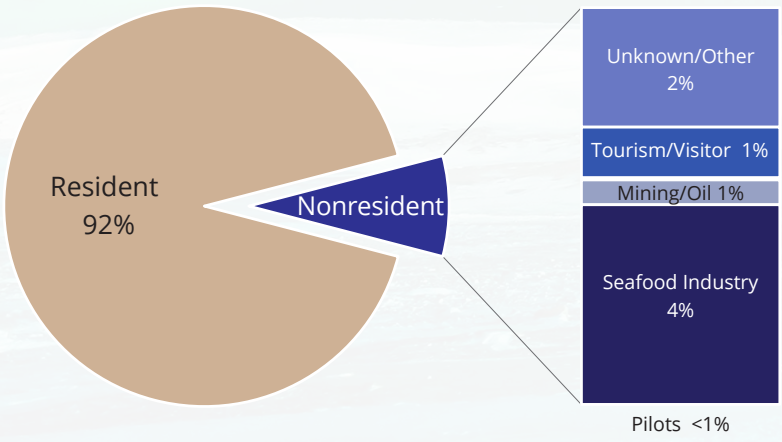
Residents drove the caseloads, which increased as fall began

The numbers of COVID-19 cases among nonresident seafood processors tracked with the monthly job numbers, increasing from less than 15 earlier in the year to about 115 in June, then nearly tripling to 325 cases in July. As the salmon season wound down, so did their case numbers. August was the second-busiest month, but nonresident processor cases fell to around 60. There have been fewer than 20 cases since.

Even though thousands of nonresident processors worked in Alaska this spring and summer, they ultimately brought fewer cases into the state than communities feared.

Although public reports show some companies cut corners, such as shortening quarantine periods, the measures the state and companies took mostly worked. When the virus popped

Half of nonresident COVID-19 cases were fish processors, but 92% of all cases were residents



Note: From the first case reported in March through Oct. 21, 2020

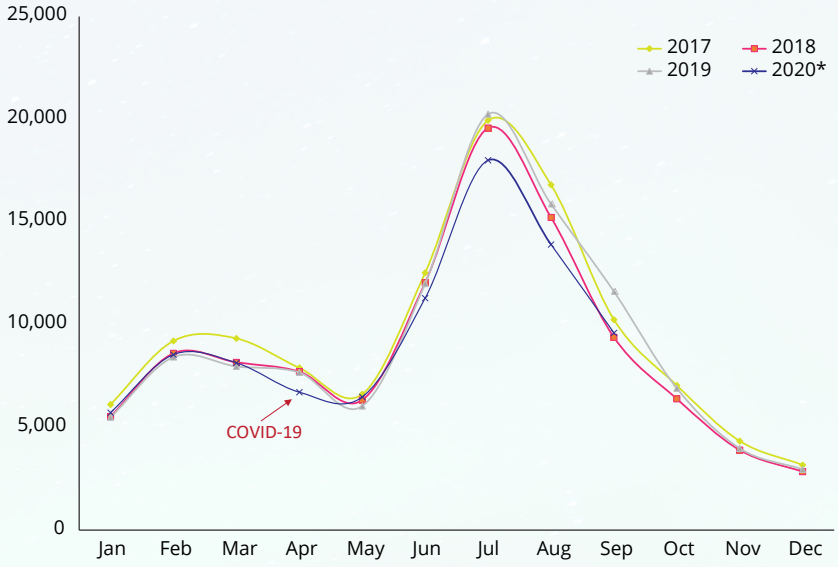
Source: Alaska Department of Health and Social Services, Coronavirus Response Hub

up, plants identified and isolated positive cases quickly, which kept the virus from spreading into the surrounding towns.

Alaskans drove the caseloads. Resident COVID-19 cases dwarfed nonresident cases all year and accelerated as fall began. In September and October, with the summer workers mostly gone, residents pushed daily cases far higher than they'd been at any point during the summer.

In terms of new cases per month, resident cases grew from about 2,100 in August to 2,700 in September, and the first three weeks of October recorded 3,700.

Processing jobs follow a consistent pattern



*July, August, and September employment for 2020 are preliminary estimates and are subject to revision.

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

How the pandemic and runs ultimately affected jobs

Early in 2020, before the pandemic, seafood processing employment was up slightly from 2019 levels. While salmon is the headliner, processing is a year-round effort. Harvesting crab and a handful of other species requires a base of at least a couple thousand jobs in December, the lowest point of the annual cycle.

Employment increases by 5,000 or 6,000 jobs as the Pacific cod season opens each January, and then the industry contracts a bit from March to May — a breather between the winter fisheries and the salmon season.

As the graph above shows, April showed the first signs of disruption. April's job count of 6,700 was about 1,000 lower than the previous April. Processing plants likely suspended some operations that month as they changed operations and assessed vulnerability.

Our data provide a solid picture of jobs through June and preliminary estimates through September. Employment was down about 700 in June, and our estimates suggest that pattern continued. The season progressed to its July peak and its second-highest month, August, with about 2,000 fewer jobs each month than in 2019. That's an estimated drop of about 13 percent.

> Runs were so bad in Southeast that Cordova, Petersburg, and Ketchikan declared local disasters.

Despite the additional time and expense required, operators brought on a typical-sized workforce this year. That's because the details of the salmon harvest are unknown until it's well underway, and even then, how many the boats deliver can be a surprise from day to day. Processing plants have to prepare for any effort necessary.

The 2020 salmon harvest proved relatively weak. While Bristol Bay's sockeye runs were strong, the state's total sockeye harvest was 15 percent below its five-year average. Bristol Bay caught the bulk of the state's sockeye and brought in more coho than last year.

Continued on page 18

Fish harvesting's 5-year trends

A look at jobs by species and region from 2015 to 2019

Total yearly fish harvesting jobs

Sources: Commercial Fisheries Entry Commission; National Marine Fisheries Service; and Alaska Department of Labor and Workforce Development, Research and Analysis Section

By JOSHUA WARREN

Alaska's total seafood harvesting employment for 2019 wasn't a big change from the year before. The industry added just 33 jobs, which was growth of about 0.4 percent.

While last year's change was small, harvesting employment can fluctuate considerably from year to year. That's because so many factors determine how the industry performs, including weather, market prices, and closures.

Rather than taking the in-depth look at the prior year's employment that we usually publish in November, this year we focused on the industry's five-year job trends. COVID-19 will be a major factor in the data that will be available

Why and how we estimate seafood harvesting employment

Alaska's world-class fisheries are a critical part of the state's economy. Estimated gross earnings in 2019 totaled more than $1.7 billion, of which about $660 million went to permit holders who were Alaska residents.

But unlike the wage and salary job numbers we and our federal partner the Bureau of Labor Statistics publish each month, the employment fish harvesting generates is not readily available. Fishermen are considered self-employed, and permit holders aren't required to report the numbers of people they employ in the same way as employers who are subject to state unemployment insurance laws.

To estimate fisheries employment that's roughly comparable to wage and salary job numbers, we infer jobs in a given month from landings. A landing, or the initial sale of the catch, signals recent fishing activity.

Because fishing permits are associated with a specific type of gear, including boat size, we know roughly how many people a landing requires under various types of permits. The number of people associated with a certain permit is called the crew factor.

For example, a permit to fish for king crab in Bristol Bay with pot gear on a vessel more than 60 feet long requires about six people, according to a survey of those permit holders. So when crab is landed under that permit, we assume the permit generated six jobs that month. We count each permit only once per month regardless of the number of landings, which is similar to the way people in wage and salary jobs work different numbers of hours.

Most permits designate where specific species can be harvested, so we assign jobs to the harvest location rather than the residence of the permit holder. This approach also best approximates wage and salary employment, which is categorized by place of work rather than worker residence. Jobs generated under permits that allow fishing anywhere in the state receive a special harvest area code and are estimated differently.

We produce the job counts by month because, as with location, that comes closest to wage and salary employment data. And because seafood harvesting employment is much higher in summer than winter, as with tourism and construction, averaging employment across all 12 months allows for more meaningful comparisons among job counts in different industries.

Statewide fish harvesting jobs by month and year, 2001 to 2019

Year*	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Average yearly
2001	*2,972*	*4,286*	*4,505*	*4,681*	*7,053*	*18,884*	*21,571*	*13,921*	*8,095*	*6,194*	*2,617*	*726*	*7,959*
2002	*3,590*	*4,047*	*4,334*	*4,913*	*6,715*	*16,292*	*18,224*	*11,975*	*6,983*	*5,794*	*2,632*	*524*	*7,168*
2003	*3,284*	*3,609*	*4,378*	*5,797*	*6,233*	*17,610*	*19,670*	*11,922*	*7,191*	*5,969*	*2,660*	*526*	*7,404*
2004	*3,594*	*3,492*	*4,110*	*5,050*	*6,476*	*17,139*	*19,634*	*12,308*	*7,371*	*6,023*	*2,259*	*509*	*7,330*
2005	*3,561*	*3,150*	*4,227*	*5,115*	*6,283*	*18,169*	*20,566*	*12,889*	*7,192*	*4,958*	*2,768*	*953*	*7,486*
2006	*2,700*	*3,038*	*4,573*	*4,293*	*5,709*	*17,748*	*20,066*	*13,700*	*7,719*	*5,003*	*2,507*	*720*	*7,314*
2007	*2,584*	*2,966*	*3,930*	*4,348*	*5,949*	*17,528*	*20,137*	*13,567*	*7,500*	*4,738*	*3,080*	*791*	*7,260*
2008	*2,738*	*3,138*	*4,511*	*4,445*	*5,572*	*17,022*	*20,446*	*13,633*	*8,225*	*4,202*	*2,708*	*602*	*7,270*
2009	*2,527*	*3,817*	*3,126*	*4,874*	*5,693*	*17,609*	*20,076*	*13,687*	*7,148*	*4,593*	*2,388*	*507*	*7,087*
2010	2,668	3,060	4,005	5,255	5,685	18,878	23,128	15,287	7,759	4,992	2,887	850	**7,871**
2011	2,898	3,214	4,010	4,729	5,642	20,112	23,824	15,586	7,918	5,721	2,303	849	**8,067**
2012	2,923	3,409	4,609	5,402	6,163	19,237	24,761	16,191	6,988	5,453	2,274	853	**8,189**
2013	2,736	2,930	4,091	5,516	6,270	22,012	25,351	15,419	7,559	5,496	2,780	930	**8,424**
2014	2,242	2,776	4,879	5,407	6,489	21,167	24,594	16,593	8,018	5,190	2,596	1,097	**8,421**
2015	2,520	3,247	4,961	5,029	6,749	21,164	24,649	16,283	8,232	5,252	2,661	1,264	**8,501**
2016	2,678	3,374	5,222	5,363	6,329	18,840	23,695	16,055	7,909	4,953	1,886	765	**8,089**
2017	2,205	3,076	4,444	5,026	5,646	19,881	23,541	15,407	8,562	5,334	2,292	754	**8,014**
2018	2,126	2,538	3,379	4,310	5,166	18,942	22,790	14,763	9,211	4,849	2,681	689	**7,620**
2019	2,347	2,548	3,637	4,372	4,721	18,154	23,440	15,632	8,664	5,201	2,443	679	**7,653**
Average monthly	2,784	3,248	4,259	4,943	6,028	18,757	22,114	14,464	7,802	5,259	2,549	768	7,744

*Because of a change in how harvest jobs are calculated, data before 2010 are not comparable to data from 2010 forward.

Sources: Commercial Fisheries Entry Commission; National Marine Fisheries Service; and Alaska Department of Labor and Workforce Development, Research and Analysis Section

next year, but the year lag in reporting means this article's estimates don't reflect any of the pandemic's effects.

Because most fish harvesters are self-employed, our regular employment data can't capture them. However, because the commercial fishing industry is a large and critical part of Alaska's economy, and in some coastal areas it generates the most jobs over the year, we create separate harvesting estimates each year. For more on how we estimate fish harvesting jobs, see the sidebar on the previous page.

Although 2020's employment data aren't yet available, the year's salmon harvests suggest it's been a weak year. The pandemic also took its toll on the related seafood processing industry, whose job counts are available sooner and are detailed in the article on page 4.

2018 was the decade low for jobs

Most fisheries have lost jobs since 2015, and that's partly because they hit a decade peak that year. Overall, the industry is down 848 jobs over the last five years, even though employment ticked up slightly in 2019 after an underwhelming 2018.

> Most fisheries have lost jobs since 2015, partly because many hit a peak that year.

Total harvesting employment hit a high of 8,501 jobs in 2015, then fell to around 8,000 for the next two years before dropping again in 2018 to about 7,600. In 2019, average monthly employment was 7,653.

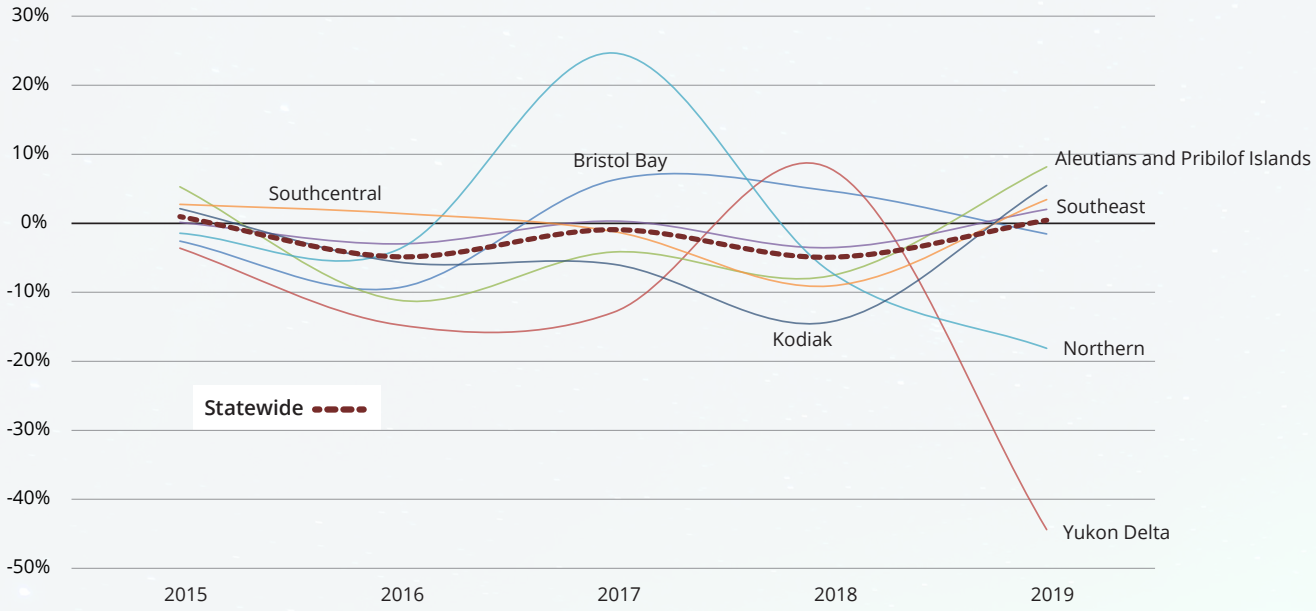
5-year trends by species harvested

The detail that fish harvesters provide also allows a closer look at job trends by region and species harvested. For some species, employment has bucked the downward trend of the last five years.

Shellfish employment not only increased last year, but it also grew steadily over the last five. The gain in 2019 was modest at just six jobs, but this small fishery is up 42 jobs since 2015, representing 23.4 percent growth.

The sablefish (black cod) fishery was the only other category to add jobs over the five years, at an increase of 22. The fishery remains below its 2018

Change in total harvesting employment by region, 2015 to 2019



Sources: Commercial Fisheries Entry Commission; National Marine Fisheries Service; and Alaska Department of Labor and Workforce Development, Research and Analysis Section

employment peak, however, settling around its yearly average of 646 jobs.

The labor-intensive salmon fisheries, which represent the largest number of jobs, added 93 in 2019 after a dismal 2018. Salmon harvesting employment peaked five years ago, so despite last year's gains, the fishery remains below the five-year average of 4,472 jobs.

Crab harvesting followed a similar trend, gaining 26 jobs in 2019 but remaining below the fishery's five-year average by 21 jobs. That drop is the largest in percent terms by species since 2015: a loss of nearly a quarter of that workforce.

Halibut harvesting gained just three jobs last year, and similar to crab, it hovered below its five-year average in 2019 by 28 jobs. For halibut that was only a 2.6 percent decline, however. At 1,071 total jobs in 2019, the halibut harvesting workforce is considerably larger than for crab.

Two fisheries lost jobs last year and longer-term. The first is herring, Alaska's smallest fishery, which lost more than a fifth of its employment over the period. However, that equates to just 15 jobs lost last year and 18 since 2015.

Groundfish, excluding the large sablefish fishery, has taken the largest hit since 2015, losing jobs nearly every year. The only positive year registered a gain of just one job.

In 2019, "other groundfish" harvesting lost 29 jobs, for a total decline of 279 over the period. The category hit record employment in 2015, but by 2019, the steady decline put the fishery just three jobs above its historic low since reporting began in 2000 (880 total jobs in 2010).

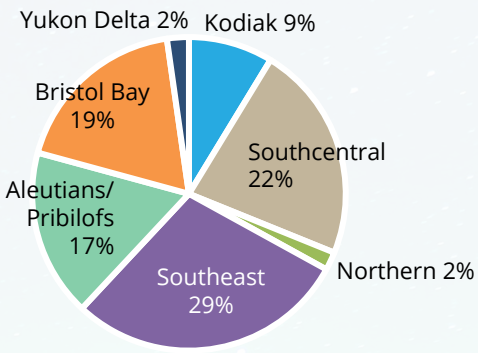
Harvesting job trends by region

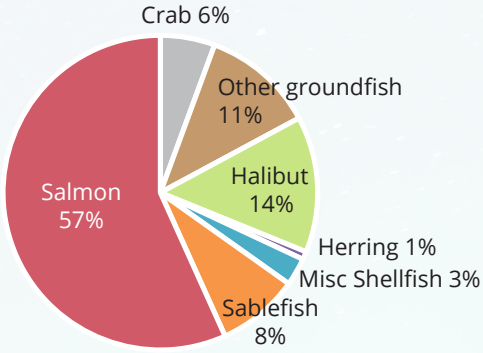
Most regions harvest multiple species, so looking at jobs by region is more telling for determining how parts of Alaska have fared. Some areas added jobs in 2019, but because 2015 was a record year, none recorded more jobs last year than they had five years earlier.

The Yukon Delta region has shed the largest share of its total harvesting employment, and last year's loss was extreme — the region's job count fell from 307 in 2018 to 170, as the graph above shows.

The Yukon Delta's loss was entirely due to a salmon season that was both late and short. Area harvesting typically lasts from June through September, but last year, the region fished only in July and August. The region's harvesting job numbers are

Alaska fish harvesting jobs by region and species fished





Sources: Commercial Fisheries Entry Commission; National Marine Fisheries Service; and Alaska Department of Labor and Workforce Development, Research and Analysis Section

down 55 percent from 2015.

The Northern Region also lost jobs last year, but unlike the Yukon Delta, the Northern Region's decline was a return to normal historical job levels. The region hit a record high of 187 jobs in 2017. While the loss of 32 jobs last year might seem high, the region was down just 14 jobs from 2015. The recent losses were mainly due to the lack of an early crab harvest.

Bristol Bay lost jobs last year and over the 2015 to 2019 period, although the changes were small enough that the region's harvesting employment remained essentially stable. The Bristol Bay Region, whose fishing employment is dominated by its internationally acclaimed salmon fishery, lost just 11 jobs over the period, which was a decline of 0.7 percent.

The other four regions all added jobs last year but haven't regained their 2015 highs: Southeast, Southcentral, Kodiak, and the Aleutians. Southeast's net loss was the smallest at 96 jobs since 2015, which includes last year's gain of 44 jobs. Because Southeast has the largest number of jobs among regions, at 2,183 in 2019, those numbers are relatively small.

Southcentral and Kodiak both lost jobs in recent years but had hit historic highs in 2015, which softened the blow of recent declines. Southcentral remains below its five-year average, but the region added 56 jobs last year. Another two years like that would push the region close to its previous peak.

Kodiak added jobs last year but its decline from 2015 has been steep. The area added 34 harvesting jobs in a single year in 2019 but lost 162, or a fifth of its employment, over five years due to fewer groundfish harvesters during the spring.

The Aleutian Islands' harvesting employment grew most last year. The 2019 gain of 98 jobs came from the salmon fishery's recovery after a weak 2018. The region's total harvesting employment remained 228 jobs below its 2015 level, however.

> Four regions added jobs in 2019 but haven't yet regained their 2015 highs.

Most of the other fisheries in the Aleutians/Pribilofs held steady over the five years except crab, which dropped from 347 jobs in 2015 to 214 jobs in 2019. The region's crab harvesting seasons have become shorter and smaller, with fewer harvesters in the peak months as well as fewer months fished. For example, its peak employment month, October, fell from 669 jobs in 2015 to 547 last year. And for December, it fell from 351 jobs in 2015 to just six jobs in December 2019.

The Aleutians' fisheries tend to be more volatile than other regions such as Bristol Bay. Crab, groundfish, and salmon are the Aleutians' largest fisheries, and their performance depends mostly on how long they open each year.

Detailed seafood harvesting employment data by region and species harvested are available at https://live.laborstats.alaska.gov/seafood/index.cfm.

Joshua Warren is an economist in Juneau. Reach him at (907) 465-6032 or joshua.warren@alaska.gov.

2020 hints at a first: deflation

Consumer prices continue to fall as pandemic dents demand

About the data

The Consumer Price Index for Urban Alaska is the de facto inflation measure for the state.

Alaska's index is based mainly on Anchorage price data, but it also draws from the Matanuska-Susitna Borough and Fairbanks.

The Bureau of Labor Statistics produces the CPI for Alaska every other month, starting with February, which means two-thirds of 2020's data has been released.

The CPI is tied to bargaining agreements, wage negotiations, rental agreements, child support payments, and real estate contracts. Alaska's minimum wage is also adjusted annually based on this index — effective January 2021, the state's minimum wage will increase from $10.19 to $10.34 per hour.

By NEAL FRIED

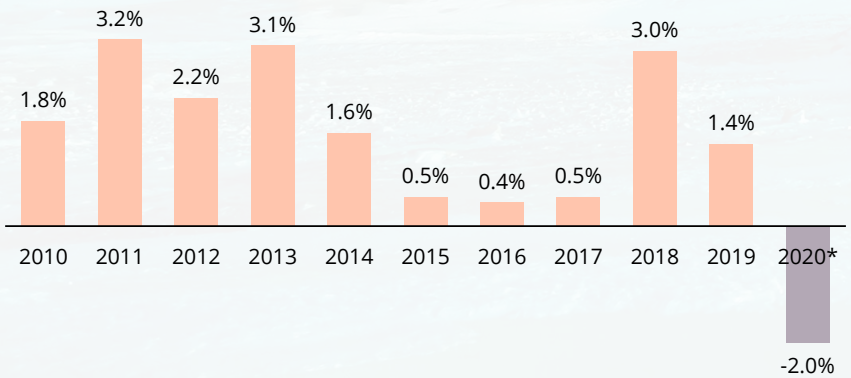
Our annual cost-of-living issue, released in July, detailed the pandemic's downward pressure on Alaska's consumer prices through April. Now, additional data through August show that deflation has continued. So far, 2020's prices have dropped 2.0 percent relative to the same period last year.

Alaska's urban consumer price index comes out every other month, beginning with February, which means two-thirds of 2020's releases are already available. The numbers suggest annual deflation for the first time since the index was first calculated in 1960. All four available reporting periods show deflation, from a low of -0.3 percent in February to a high of -3.8 percent in June.

Lowest inflation in Alaska's history:
0.3% in 1963
0.4% in 1987 and '88
0.4% in 2016
0.5% in 2015 and '17

Alaska's economy began to shut down in March due to COVID-19 and remains weak. With global demand tanking for many goods and services, this ongoing weakness isn't unique to Alaska — but of all the nation's consumer price indexes generated at the state or city level, Alaska's is the only one showing consistent overall deflation this year. The reasons aren't yet clear, and it will take time to know whether it's a temporary aberration, especially if the economy rebounds with any vigor.

Alaska's urban consumer price index shows deflation this year



*Based on indexes for February, April, June, and August

Source: U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index for Urban Alaska

A closer look at August, by category

The most recent release recorded -1.5 percent deflation for August from August 2019, and the breakdown by spending category at right shows most categories were down.

COVID-19 is a clear driver. Energy prices fell 10.7 percent from last August due mainly to the oil price collapse at the pandemic's onset and the corresponding fall in consumer gas prices. While oil prices have recovered somewhat, they remain well below year-ago levels.

Transportation costs dropped in concert (-6.9 percent). The drop in flight demand and resulting lower-priced plane tickets also contributed to transportation's decrease.

Clothing's price decline was second-largest at over 10 percent. Unlike most items, apparel costs have declined before. It's a competitive market, with large parts of the world competing to make clothes, and the battle between rising e-commerce and brick-and-mortar stores is a compounding factor. Either way, fewer people have bought clothes during the pandemic, as many are unemployed and even more are working or attending school from home.

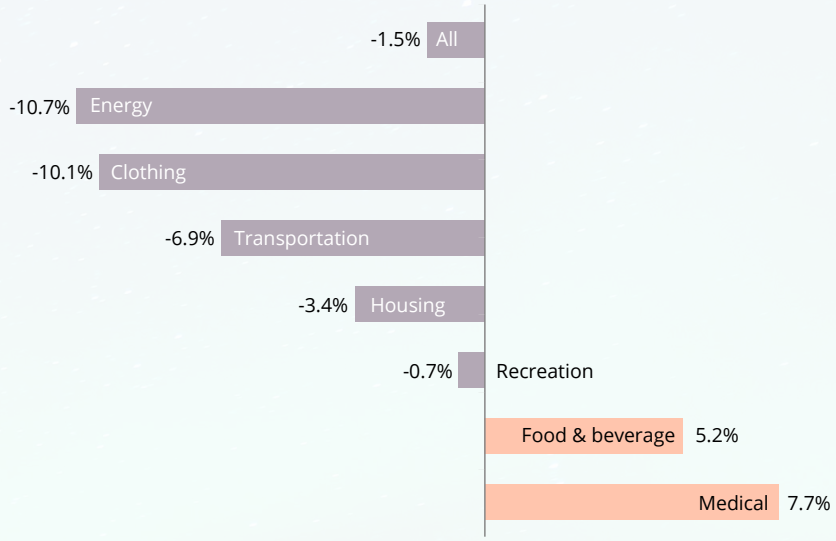
Housing is the most important category because it's where people spend the largest portion of their income. It influences the overall index value the most, representing 42 percent of the total.

Housing costs declined by 3.4 percent from last August. In addition to the pandemic, increasing rental vacancy rates and record low interest rates have pushed prices down, and so has lower demand due to population decline.

Some items' costs have continued to rise. Food and beverage costs increased 5 percent over the year and medical costs continued their long historical streak of robust price increases.

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

Health care, food prices continued to rise in August as other items declined



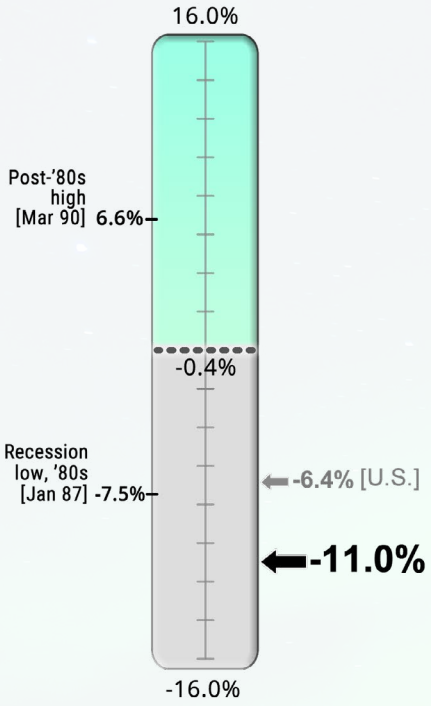
Note: Compares August 2020 to August 2019

Source: U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index for Urban Alaska

Gauging The Economy

Job Growth

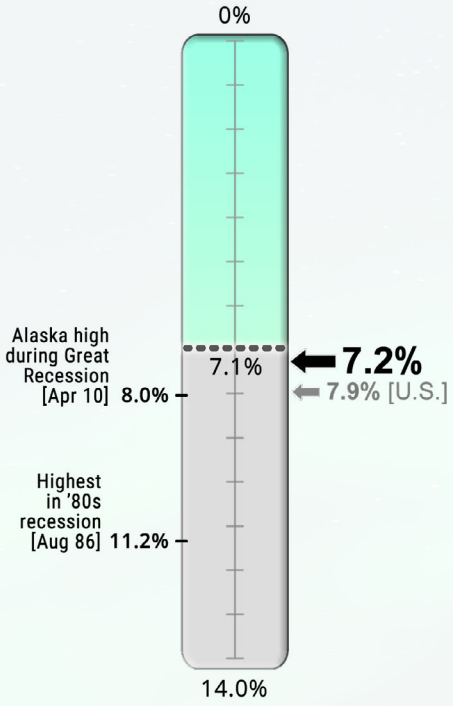
September 2020
Over-the-year percent change



- The shutdowns to slow the spread of COVID-19 caused a rapid drop in employment, beginning in April.
- Over-the-year job losses have been over 10 percent each month since April.

Unemployment Rate

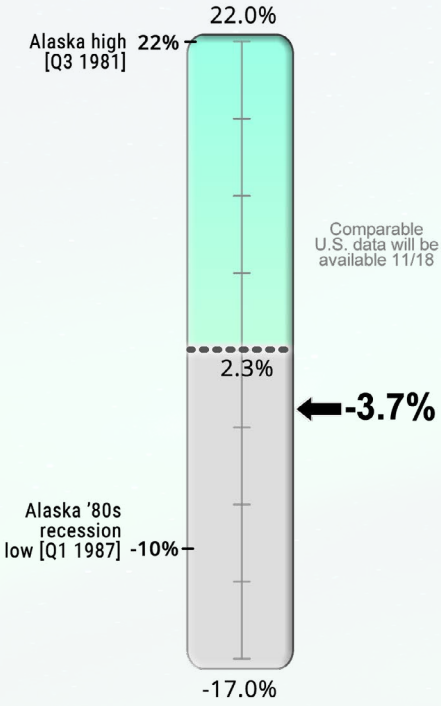
September 2020
Seasonally adjusted



- Alaska's unemployment rate fell again in Septemer, but the lower rates are due to technical issues with the way the U.S. Bureau of Labor Statistics calculates them.

Wage Growth

2nd Quarter 2020
Over-the-year percent change



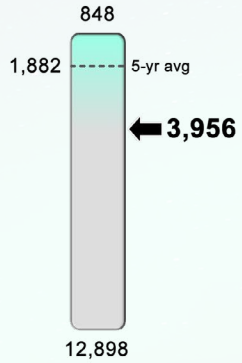
- After 10 straight quarters of wage growth, Alaska's total wages fell dramatically with the pandemic.
- Wage losses have not been as severe as job losses because a disproportionate number of jobs lost were low-wage.

Gauging The Economy

ALASKA'S 10-YR AVERAGE
CURRENT ALASKA

Initial Claims

Unemployment, week ending Oct. 10, 2020**

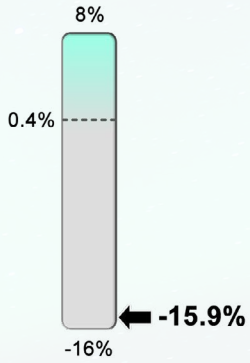


- Unemployment claims jumped in the spring with the coronavirus pandemic as many businesses shut down or limited services, and they remain elevated.

**Four-week moving average ending with specified week

GDP Growth

2nd Quarter 2020
Over-the-year percent change*



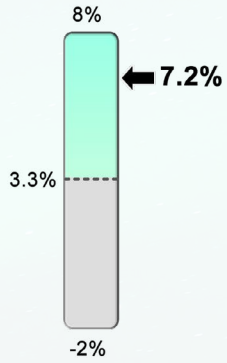
- Gross domestic product is the value of the goods and services a state produces.

  The second quarter decline is the first dougle-digit drop in GDP since 2015.

*In current dollars

Personal Income Growth

2nd Quarter 2020
Over-the-year percent change

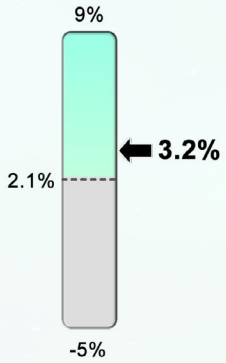


- Personal income includes wages as well as transfer payments (such as Social Security, Medicaid, and the PFD) and investment income.

  Income jumped in the second quarter due to government transfer payments.

Change in Home Prices

Single-family, percent change from prior year, Q2 2020**

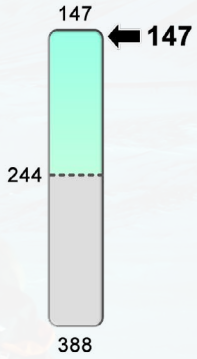


- Home prices include only those for which a commercial loan was used. This indicator tends to be volatile from quarter to quarter.

**Four-quarter moving average ending with specified quarter

Foreclosures

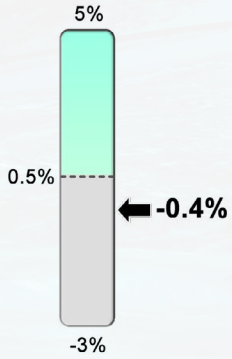
1st Quarter 2020



- As of second quarter, there's an indefinite moratorium on foreclosures due to the pandemic.

Population Growth

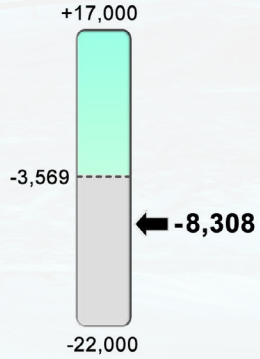
2018 to 2019



- This was the third straight year of population decline.

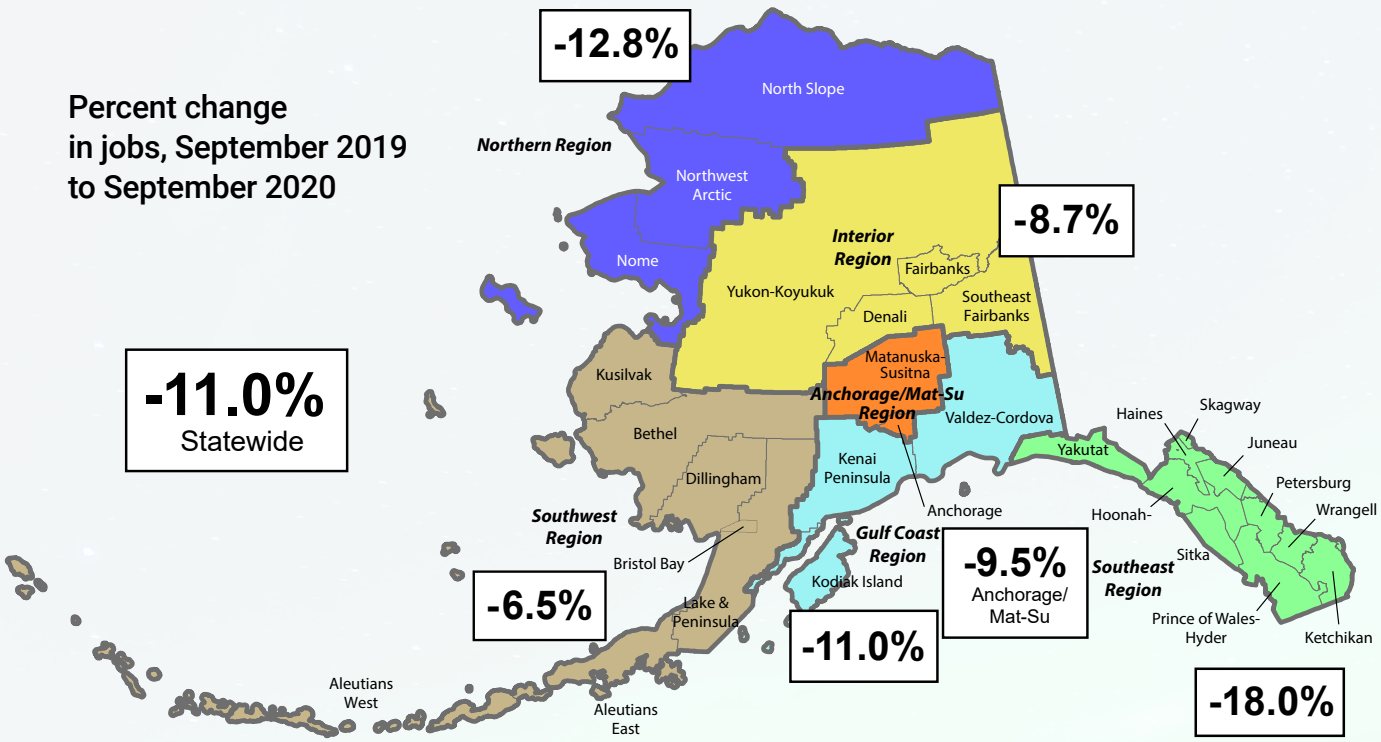
Net Migration

2018 to 2019



- The state had net migration losses for the seventh consecutive year in 2019. Net migration is the number who moved to Alaska minus the number who left.

Employment by Region



Seasonally adjusted

	Prelim.	Revised	
	09/20	08/20	09/19
United States	7.9	8.4	3.5
Alaska	7.2	7.4	6.2

Not seasonally adjusted

	Prelim.	Revised	
	09/20	08/20	09/19
United States	7.7	8.5	3.3
Alaska	6.5	6.4	5.5

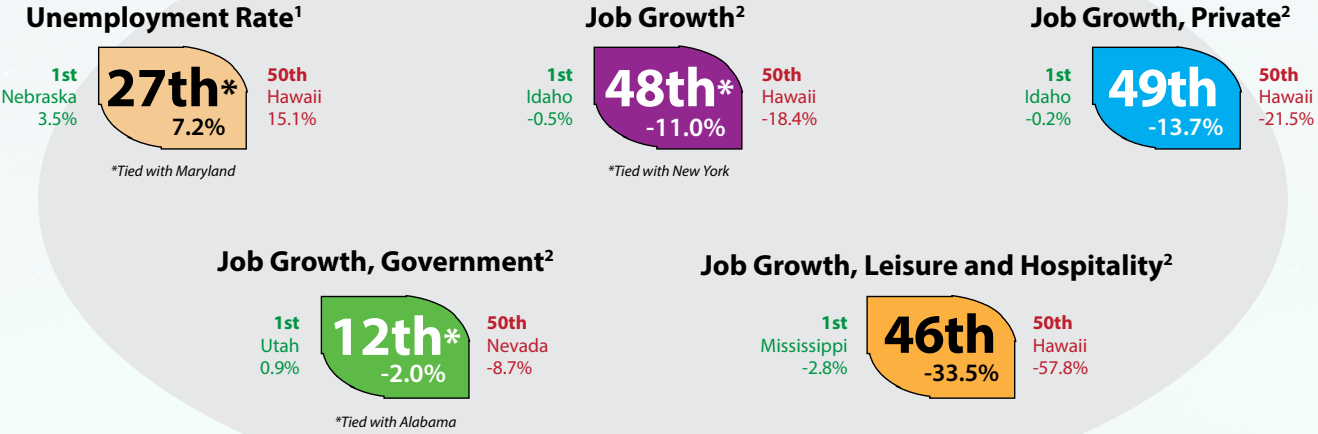
Regional, not seasonally adjusted

	Prelim.	Revised	
	09/20	08/20	09/19
Interior Region	5.3	5.2	5.3
Denali Borough	6.5	6.0	4.1
Fairbanks N Star Borough	5.1	5.0	4.8
Southeast Fairbanks Census Area	5.4	5.3	7.2
Yukon-Koyukuk Census Area	8.8	9.1	11.8
Northern Region	8.2	8.0	10.2
Nome Census Area	8.9	8.7	10.2
North Slope Borough	5.5	4.9	7.2
Northwest Arctic Borough	10.2	10.3	13.6
Anchorage/Mat-Su Region	6.5	6.6	5.2
Anchorage, Municipality	6.5	6.5	4.9
Mat-Su Borough	6.8	6.7	6.1

	Prelim.	Revised	
	09/20	08/20	09/19
Southwest Region	7.4	6.7	8.9
Aleutians East Borough	2.1	1.7	2.0
Aleutians West Census Area	2.4	2.2	2.9
Bethel Census Area	10.4	9.9	12.9
Bristol Bay Borough	6.5	3.9	5.1
Dillingham Census Area	6.9	5.6	7.8
Kusilvak Census Area	13.2	13.7	15.8
Lake and Peninsula Borough	6.4	5.7	7.9
Gulf Coast Region	6.8	6.1	5.6
Kenai Peninsula Borough	7.6	6.8	5.9
Kodiak Island Borough	4.5	4.5	4.4
Valdez-Cordova Census Area	5.3	4.6	5.4

	Prelim.	Revised	
	09/20	08/20	09/19
Southeast Region	6.7	6.5	4.6
Haines Borough	10.6	9.6	5.0
Hoonah-Angoon Census Area	9.7	8.8	6.4
Juneau, City and Borough	5.8	5.7	3.9
Ketchikan Gateway Borough	7.7	7.6	4.9
Petersburg Borough	5.5	5.3	6.5
Prince of Wales-Hyder Census Area	7.8	7.7	8.1
Sitka, City and Borough	5.2	4.7	3.6
Skagway, Municipality	12.8	12.2	3.0
Wrangell, City and Borough	6.7	6.4	6.0
Yakutat, City and Borough	6.7	6.8	6.2

How Alaska Ranks



Note: Government employment includes federal, state, and local government plus public schools and universities.
[1]September seasonally adjusted unemployment rates
[2]September employment, over-the-year percent change

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

Other Economic Indicators

	Current		Year ago	Change
Urban Alaska Consumer Price Index (CPI-U, base yr 1982=100)	225.049	1st half 2020	228.858	-1.66%
Commodity prices				
Crude oil, Alaska North Slope,* per barrel	40.42	Sept 2020	63.83	-36.67%
Natural gas, residential, per thousand cubic feet	14.19	July 2020	15.28	-7.13%
Gold, per oz. COMEX	1,910.80	10/23/2020	1,495.70	+27.75%
Silver, per oz. COMEX	24.68	10/23/2020	17.58	+40.39%
Copper, per lb. COMEX	315.55	10/23/2020	267.15	+18.12%
Zinc, per MT	2,578.50	10/22/2020	2,468.00	+4.48%
Lead, per lb.	0.81	10/23/2020	1.01	-19.80%
Bankruptcies	76	Q2 2020	106	-28.30%
Business	5	Q2 2020	9	-44.44%
Personal	71	Q2 2020	97	-26.80%
Unemployment insurance claims				
Initial filings	16,711	Sept 2020	4,179	+528.04%
Continued filings	95,667	Sept 2020	22,531	+640.21%
Claimant count	26,092	Sept 2020	5,274	+542.67%

*Department of Revenue estimate

Sources for this page and the preceding three pages include Alaska Department of Labor and Workforce Development, Research and Analysis Section; U.S. Bureau of Labor Statistics; U.S. Bureau of Economic Analysis; U.S. Energy Information Administration; Kitco; U.S. Census Bureau; COMEX; Bloomberg; Infomine; Alaska Department of Revenue; and U.S. Courts, 9th Circuit

FISH PROCESSING

Continued from page 7

Without Bristol Bay's strong year, the state's salmon harvest would have been the lowest since 1976. The pink harvest was about 25 percent lower than its 10-year average, although up considerably from 2018. (The size of pink salmon runs cycles in alternate years.) The chum harvest, also known as keta, was the smallest since 1979.

The Aleutians and the Alaska Peninsula brought in more than four times more pinks this year than they did in 2018 but caught fewer high-value sockeyes, which are usually their bread and butter. Chignik remained closed for a second consecutive season in 2020.

Kodiak harvested far more pinks than anticipated, but Southeast brought in less than half the expected sockeye and chum harvests, and the coho harvest wasn't much better. Runs were so bad in Southeast that Cordova, Petersburg, and Ketchikan declared local disasters and will seek emergency funds.

State will disburse $50 million in federal pandemic relief funds

The state received $50 million in federal CARES Act pandemic relief funds for the fishing industry and is deciding how to distribute it. The plan was preliminary at press time but suggests the state would split the money into thirds for Alaska-based seafood harvesters, processors, and subsistence/aquaculture/commercial sport charter fishing.

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

SAFETY MINUTE

How to keep seafood processors safe during a pandemic

Seafood processing is a high-hazard industry even in a typical year, and COVID-19 added a major safety challenge in 2020. Seafood processors, who travel from around the world to work in Alaska, often work in conditions that are high-risk for exposure, including close contact, misuse of personal protective equipment, and fatigue due to long work shifts.

In addition to concerns about COVID-19, processing workers often face excessive noise, low temperatures, poor ergonomics, and contact with machinery and equipment. Misunderstandings about effective preventive practices due to language and cultural barriers can compound these hazards.

As the industry winds down from its busiest season, employers can prepare for the 2021 season by ensuring a proper safety and health management system is in place. To prevent illnesses and injuries, it's critical to promote a safety culture in the workplace, effectively train workers and managers, provide ergonomic solutions and fatigue risk management systems, and adapt training for workers with limited knowledge of English.

For CDC/OSHA interim guidance on protecting seafood processing workers from COVID-19, see https://www.cdc.gov/coronavirus/2019-ncov/community/guidance-seafood-processing.html. For a CDC checklist seafood processing worksites can use to align their COVID-19 assessment and control plan with the interim guidance on operating during the pandemic, see https://go.usa.gov/xfyf5.

For safety recommendations specific to commercial fishermen, see https://www.cdc.gov/niosh/docs/2017-171/pdf/2017-171.pdf?id=10.26616/NIOSHPUB2017171

The department's Occupational Safety and Health Consultation and Training Section is also available to provide assistance and guidance on keeping workers safe. For information about our services, see https://labor.alaska.gov/lss/oshhome.htm.

Safety Minute is written by the Alaska Occupational Safety and Health Consultation and Training Section of the Department of Labor and Workforce Development.