

Pandemic shifted the hiring pattern

A look at new hires by industry and area throughout 2020

By JOSHUA WARREN

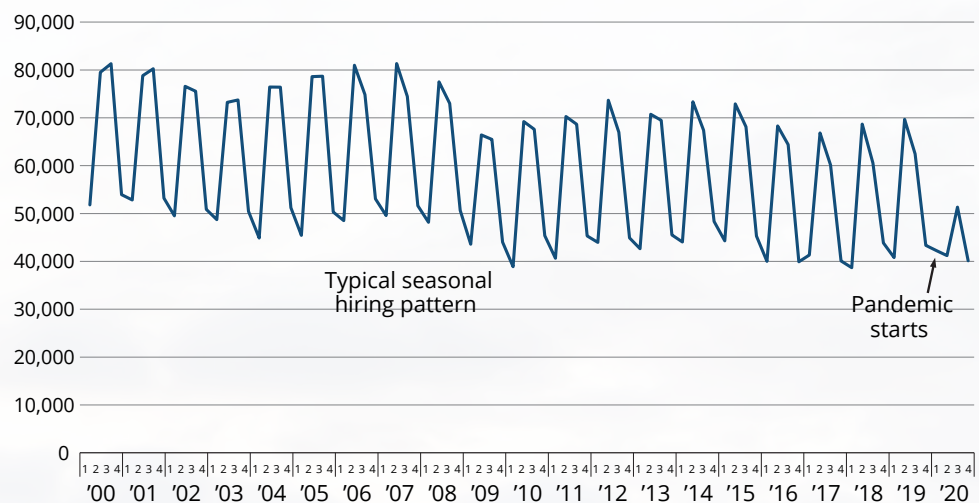
Hiring follows a distinct seasonal pattern every year in Alaska. It ramps up between the first and second quarters as seasonal industries such as seafood processing and tourism prepare for summer, remains elevated in the third quarter, then drops off in the fourth quarter. The numbers of people hired varies, but the pattern of peaks and valleys was always consistent — until 2020.

Although employers in every industry continued to hire people throughout the year, the pandemic changed the seasonal pattern for the first time. Even previous recessions didn't alter hiring in these ways and at these levels. New hires fell 19.5 percent last year, with most of the drop in the second quarter — the typical yearly peak.

The absence of a visitor season, uncertainty about how fish harvesting and seafood processing would operate, and the shutdowns of many bars and restaurants halted much of the staffing increase that would normally take place in the spring.

Industries tied to tourism and the areas that rely on it saw the biggest declines in 2020, but new hires fell in nearly every part of the state and in every industry except state government. The state hired additional temporary staff later in the year to respond to the pandemic.

Pandemic disrupted the historical hiring pattern



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

Changes in hiring levels can have multiple meanings

While the COVID-led economic shock was the clear cause for last year's decrease, hiring levels can shift for multiple reasons. A change isn't an inherently negative or positive sign.

The number of new hires can rise because of growth, but also with higher turnover. Conversely, economic weakness can cause a drop in hiring, but so can job retention. And while job retention is often a sign of stability, people can also hang on to their jobs if economic opportunity seems scarce.

But while hiring data can't be used on their own to gauge the health of the economy, a big shift in hiring levels is a clear sign that something is happening. (See the sidebar on the next page.)

Until 2020, 2nd-quarter hiring had never fallen below 1st-quarter levels.

2020 began normally, and then hiring plummeted in the spring

The first quarter of 2020 began like any other year; in fact, new hires were up a little from the same period in 2019. Then in late March and early April, COVID-19's spread brought hiring to a crawl.

Although the second quarter is normally the yearly high as many industries staff up for summer, last year it dropped so far that the second-quarter numbers fell below first-quarter levels. This had never happened in Alaska. Second-quarter hiring was 41.6 percent lower than it had been the year before, which equaled 28,547 fewer new hires.

Industries linked to tourism suffered the largest job losses when the pandemic began, and hiring followed a similar pattern. While hiring declined in nearly every industry in the spring, a handful slowed to a fraction of their normal levels with the drop in tourism; examples are accommodation and food services and the arts, entertainment, and recreation industry. These industries' second-quarter new hire levels plunged 57.7 percent and 73.4 percent, respectively.

Similarly, the slowdown was most notable in the places that rely on tourism. Skagway and the Denali Borough were hit hardest, with second-quarter hiring down nearly 90 percent from the year before in both places. (See the table on the next page for detailed numbers by area.)

Hiring picked up later in the year, but pattern remained unusual

As the year progressed, industries such as construction and seafood processing figured out how to operate and adapted to travel restrictions, work safety requirements, COVID-19 testing, and quarantining. Hiring remained low, but declines weren't as severe.

New hires rose in the third quarter, but they remained well below what's typical. Oil and gas in particular increased its hiring by over 12 percent compared to third quarter 2019, but its activity dropped off again in the fourth quarter.

Hiring levels nearly recovered late in the year, but the industry mix remained atypical.

About new hires data

Historically, about 16 percent of Alaska workers in a given year have been new hires. A new hire is a worker who appears on an employer's payroll for the first time in a four-quarter period. While this article covers only *new* hires, we classify workers in two other ways: Continuing workers appear on a payroll for all four quarters, and rehired workers appear, disappear, and reappear later in the year.

A vacancy must exist for a new hire to take place, and it can be created through job growth — such as a new or expanded business — or turnover. Turnover, when an existing job becomes vacant, can come from promotions, resignations, or firings.

New hires are not a count of jobs, but of people hired into those jobs over the course of a quarter. Turnover causes some vacancies to be filled by more than one person during a quarter, and some workers are hired by more than one employer. Because this data series includes turnover, it isn't directly comparable with other employment data.

These data are useful for determining where people are getting jobs and what industries may be growing, but they shouldn't be used alone to draw conclusions about the economy or job growth trends. For that purpose, monthly employment data and the year-to-year change in average monthly employment are better choices.

Transportation and warehousing saw one of the steepest hiring drops in the second quarter but it sprang back quickly later in the year, with 339 more new hires in the fourth quarter than the prior year. This was the largest numeric increase in the fourth quarter, aside from state government.

State government's hiring dropped earlier in the year but rose during the third and fourth quarters as the state added temporary staff to process the high numbers of unemployment insurance claims. These positions tended to turn over frequently, which further bumped up the new hire

numbers. (See the sidebar above for more explanation.)

Text continues on page 10

New hires in 2019 and 2020 by industry and area

| Industry/Area | Total New Hires | | | | 1st Quarter | | | | 2nd Quarter | | | | 3rd Quarter | | | | 4th Quarter | | | |
|---|-----------------|--------|---------|-------|-------------|--------|-------|-------|-------------|--------|--------|-------|-------------|--------|--------|-------|-------------|--------|--------|-------|
| | 2019 | 2020 | Chg | Pct | 2019 | 2020 | Chg | Pct | 2019 | 2020 | Chg | Pct | 2019 | 2020 | Chg | Pct | 2019 | 2020 | Chg | Pct |
| | | | | | | | | | | | | | | | | | | | | |
| Ag., Forestry, Fish, Hunt Mining, Oil and Gas Extr Oil and Gas Utilities Construction Manufacturing Seafood Processing Wholesale Trade Retail Trade Transp/Warehousing Information Finance and Insurance Real Estate/Rental Professional, Sci, Tech Mgmt of Companies Admin Spt/Waste Mgmt Educational Services Health Care and Soc Asst Arts, Entertainment, Rec Accommodation/Food Svc Other Services Local Government State Government | 2,501 | 2,166 | -335 | -13.4 | 365 | 355 | -10 | -2.7 | 887 | 627 | -260 | -29.3 | 891 | 823 | -68 | -7.6 | 358 | 361 | 3 | 0.8 |
| | 4,813 | 3,706 | -1,107 | -23.0 | 1,224 | 1,093 | -131 | -10.7 | 1,296 | 605 | -691 | -53.3 | 1,245 | 1,275 | 30 | 2.4 | 1,048 | 733 | -315 | -30.1 |
| | 3,264 | 2,367 | -897 | -27.5 | 921 | 879 | -42 | -4.6 | 790 | 235 | -555 | -70.3 | 727 | 815 | 88 | 12.1 | 826 | 438 | -388 | -47.0 |
| | 610 | 575 | -35 | -5.7 | 110 | 106 | -4 | -3.6 | 185 | 153 | -32 | -17.3 | 201 | 155 | -46 | -22.9 | 114 | 161 | 47 | 41.2 |
| | 16,664 | 14,760 | -1,904 | -11.4 | 2,993 | 2,924 | -69 | -2.3 | 5,868 | 4,574 | -1,294 | -22.1 | 4,795 | 4,580 | -215 | -4.5 | 3,008 | 2,682 | -326 | -10.8 |
| | 16,228 | 12,876 | -3,352 | -20.7 | 2,538 | 4,086 | 1,548 | 61.0 | 5,337 | 3,085 | -2,252 | -42.2 | 7,327 | 4,651 | -2,676 | -36.5 | 1,026 | 1,054 | 28 | 2.7 |
| | 13,312 | 10,554 | -2,758 | -20.7 | 1,963 | 3,530 | 1,567 | 79.8 | 4,342 | 2,539 | -1,803 | -41.5 | 6,544 | 3,987 | -2,557 | -39.1 | 463 | 498 | 35 | 7.6 |
| | 3,330 | 2,455 | -875 | -26.3 | 795 | 697 | -98 | -12.3 | 1,014 | 552 | -462 | -45.6 | 913 | 638 | -275 | -30.1 | 608 | 568 | -40 | -6.6 |
| | 27,630 | 25,406 | -2,224 | -8.0 | 4,795 | 4,822 | 27 | 0.6 | 8,530 | 6,598 | -1,932 | -22.6 | 7,110 | 6,885 | -225 | -3.2 | 7,195 | 7,101 | -94 | -1.3 |
| | 12,139 | 8,406 | -3,733 | -30.8 | 1,887 | 1,810 | -77 | -4.1 | 5,009 | 2,101 | -2,908 | -58.1 | 3,314 | 2,227 | -1,087 | -32.8 | 1,929 | 2,268 | 339 | 17.6 |
| | 1,786 | 1,616 | -170 | -9.5 | 409 | 433 | 24 | 5.9 | 474 | 239 | -235 | -49.6 | 428 | 449 | 21 | 4.9 | 475 | 495 | 20 | 4.2 |
| | 2,095 | 2,003 | -92 | -4.4 | 459 | 687 | 228 | 49.7 | 581 | 300 | -281 | -48.4 | 548 | 522 | -26 | -4.7 | 507 | 494 | -13 | -2.6 |
| | 3,615 | 2,459 | -1,156 | -32.0 | 588 | 545 | -43 | -7.3 | 1,370 | 696 | -674 | -49.2 | 1,078 | 780 | -298 | -27.6 | 579 | 438 | -141 | -24.4 |
| | 7,222 | 6,519 | -703 | -9.7 | 1,931 | 1,984 | 53 | 2.7 | 1,997 | 1,258 | -739 | -37.0 | 1,836 | 1,780 | -56 | -3.1 | 1,458 | 1,497 | 39 | 2.7 |
| | 882 | 595 | -287 | -32.5 | 195 | 181 | -14 | -7.2 | 295 | 147 | -148 | -50.2 | 239 | 126 | -113 | -47.3 | 153 | 141 | -12 | -7.8 |
| | 12,810 | 9,633 | -3,177 | -24.8 | 2,571 | 2,669 | 98 | 3.8 | 4,153 | 2,487 | -1,666 | -40.1 | 3,394 | 2,252 | -1,142 | -33.6 | 2,692 | 2,225 | -467 | -17.3 |
| | 1,855 | 1,379 | -476 | -25.7 | 382 | 390 | 8 | 2.1 | 605 | 263 | -342 | -56.5 | 513 | 347 | -166 | -32.4 | 355 | 379 | 24 | 6.8 |
| | 22,142 | 20,933 | -1,209 | -5.5 | 4,793 | 5,442 | 649 | 13.5 | 5,779 | 4,212 | -1,567 | -27.1 | 5,935 | 5,597 | -338 | -5.7 | 5,635 | 5,682 | 47 | 0.8 |
| | 6,439 | 3,413 | -3,026 | -47.0 | 964 | 1,029 | 65 | 6.7 | 2,720 | 724 | -1,996 | -73.4 | 1,668 | 923 | -745 | -44.7 | 1,087 | 737 | -350 | -32.2 |
| | 38,837 | 24,328 | -14,509 | -37.4 | 6,301 | 5,929 | -372 | -5.9 | 14,076 | 5,952 | -8,124 | -57.7 | 11,456 | 7,673 | -3,783 | -33.0 | 7,004 | 4,774 | -2,230 | -31.8 |
| 7,136 | 6,242 | -894 | -12.5 | 1,491 | 1,548 | 57 | 3.8 | 2,262 | 1,324 | -938 | -41.5 | 1,817 | 1,765 | -52 | -2.9 | 1,566 | 1,605 | 39 | 2.5 | |
| 17,206 | 15,066 | -2,140 | -12.4 | 3,482 | 3,305 | -177 | -5.1 | 4,194 | 2,737 | -1,457 | -34.7 | 5,108 | 4,982 | -126 | -2.5 | 4,422 | 4,042 | -380 | -8.6 | |
| 4,918 | 5,111 | 193 | 3.9 | 1,123 | 917 | -206 | -18.3 | 1,652 | 1,305 | -347 | -21.0 | 1,297 | 1,552 | 255 | 19.7 | 846 | 1,337 | 491 | 58.0 | |
| Aleutians East Aleutians West Anchorage Bethel Bristol Bay Denali Dillingham Fairbanks N Star Haines Hoona-Angoon Juneau Kenai Peninsula Ketchikan Gateway Kodiak Island Kusilvak Lake and Peninsula Matanuska-Susitna Nome North Slope Northwest Arctic Petersburg Prince of Wales-Hyder Sitka Skagway Southeast Fairbanks Valdez-Cordova Wrangell Yakutat Yukon-Koyukuk | 2,109 | 1,237 | -872 | -41.3 | 272 | 767 | 495 | 182.0 | 1,079 | 255 | -824 | -76.4 | 548 | 126 | -422 | -77.0 | 210 | 89 | -121 | -57.6 |
| | 2,287 | 1,929 | -358 | -15.7 | 1,143 | 1,052 | -91 | -8.0 | 412 | 163 | -249 | -60.4 | 461 | 361 | -100 | -21.7 | 271 | 353 | 82 | 30.3 |
| | 77,582 | 62,300 | -15,282 | -19.7 | 15,650 | 15,539 | -111 | -0.7 | 23,106 | 14,070 | -9,036 | -39.1 | 20,721 | 16,765 | -3,956 | -19.1 | 18,105 | 15,926 | -2,179 | -12.0 |
| | 5,252 | 4,964 | -288 | -5.5 | 991 | 1,137 | 146 | 14.7 | 1,445 | 1,106 | -339 | -23.5 | 1,721 | 1,611 | -110 | -6.4 | 1,095 | 1,110 | 15 | 1.4 |
| | 3,092 | 2,610 | -482 | -15.6 | 95 | 173 | 78 | 82.1 | 916 | 808 | -108 | -11.8 | 1,980 | 1,522 | -458 | -23.1 | 101 | 107 | 6 | 5.9 |
| | 3,247 | 727 | -2,520 | -77.6 | 122 | 104 | -18 | -14.8 | 2,031 | 222 | -1,809 | -89.1 | 964 | 304 | -660 | -68.5 | 130 | 97 | -33 | -25.4 |
| | 2,215 | 1,437 | -778 | -35.1 | 214 | 256 | 42 | 19.6 | 679 | 375 | -304 | -44.8 | 1,035 | 539 | -496 | -47.9 | 287 | 267 | -20 | -7.0 |
| | 25,053 | 20,746 | -4,307 | -17.2 | 4,581 | 4,471 | -110 | -2.4 | 8,159 | 5,656 | -2,503 | -30.7 | 6,891 | 5,645 | -1,246 | -18.1 | 5,422 | 4,974 | -448 | -8.3 |
| | 803 | 620 | -183 | -22.8 | 86 | 165 | 79 | 91.9 | 362 | 173 | -189 | -52.2 | 261 | 172 | -89 | -34.1 | 94 | 110 | 16 | 17.0 |
| | 724 | 533 | -191 | -26.4 | 79 | 85 | 6 | 7.6 | 349 | 155 | -194 | -55.6 | 206 | 208 | 2 | 1.0 | 90 | 85 | -5 | -5.6 |
| | 9,762 | 6,613 | -3,149 | -32.3 | 1,801 | 1,587 | -214 | -11.9 | 3,881 | 1,504 | -2,377 | -61.2 | 2,387 | 2,026 | -361 | -15.1 | 1,693 | 1,496 | -197 | -11.6 |
| | 13,975 | 12,860 | -1,115 | -8.0 | 2,317 | 2,776 | 459 | 19.8 | 5,490 | 3,375 | -2,115 | -38.5 | 3,907 | 4,212 | 305 | 7.8 | 2,261 | 2,497 | 236 | 10.4 |
| | 4,456 | 2,807 | -1,649 | -37.0 | 584 | 735 | 151 | 25.9 | 1,825 | 699 | -1,126 | -61.7 | 1,406 | 777 | -629 | -44.7 | 641 | 596 | -45 | -7.0 |
| | 3,402 | 2,657 | -745 | -21.9 | 642 | 884 | 242 | 37.7 | 1,001 | 558 | -443 | -44.3 | 1,239 | 765 | -474 | -38.3 | 520 | 450 | -70 | -13.5 |
| | 2,200 | 1,913 | -287 | -13.0 | 359 | 367 | 8 | 2.2 | 597 | 348 | -249 | -41.7 | 790 | 711 | -79 | -10.0 | 454 | 487 | 33 | 7.3 |
| | 965 | 773 | -192 | -19.9 | 79 | 107 | 28 | 35.4 | 262 | 223 | -39 | -14.9 | 449 | 331 | -118 | -26.3 | 175 | 112 | -63 | -36.0 |
| | 18,301 | 15,597 | -2,704 | -14.8 | 3,402 | 3,224 | -178 | -5.2 | 5,601 | 3,918 | -1,683 | -30.0 | 5,347 | 4,650 | -697 | -13.0 | 3,951 | 3,805 | -146 | -3.7 |
| | 2,995 | 2,419 | -576 | -19.2 | 606 | 546 | -60 | -9.9 | 765 | 523 | -242 | -31.6 | 945 | 725 | -220 | -23.3 | 679 | 625 | -54 | -8.0 |
| | 7,281 | 5,071 | -2,210 | -30.4 | 2,117 | 2,355 | 238 | 11.2 | 1,602 | 694 | -908 | -56.7 | 1,726 | 1,130 | -596 | -34.5 | 1,836 | 892 | -944 | -51.4 |
| | 2,498 | 2,174 | -324 | -13.0 | 530 | 370 | -160 | -30.2 | 635 | 507 | -128 | -20.2 | 873 | 804 | -69 | -7.9 | 460 | 493 | 33 | 7.2 |
| 962 | 932 | -30 | -3.1 | 139 | 252 | 113 | 81.3 | 252 | 223 | -29 | -11.5 | 379 | 306 | -73 | -19.3 | 192 | 151 | -41 | -21.4 | |
| 1,598 | 1,360 | -238 | -14.9 | 226 | 222 | -4 | -1.8 | 534 | 364 | -170 | -31.8 | 548 | 490 | -58 | -10.6 | 290 | 284 | -6 | -2.1 | |
| 3,370 | 2,616 | -754 | -22.4 | 540 | 511 | -29 | -5.4 | 1,247 | 546 | -701 | -56.2 | 1,163 | 1,078 | -85 | -7.3 | 420 | 481 | 61 | 14.5 | |
| 1,251 | 267 | -984 | -78.7 | 69 | 50 | -19 | -27.5 | 860 | 94 | -766 | -89.1 | 275 | 81 | -194 | -70.5 | 47 | 42 | -5 | -10.6 | |
| 1,467 | 1,331 | -136 | -9.3 | 265 | 268 | 3 | 1.1 | 521 | 352 | -169 | -32.4 | 421 | 395 | -26 | -6.2 | 260 | 316 | 56 | 21.5 | |
| 4,815 | 3,175 | -1,640 | -34.1 | 512 | 902 | 390 | 76.2 | 1,927 | 774 | -1,153 | -59.8 | 1,912 | 1,149 | -763 | -39.9 | 464 | 350 | -114 | -24.6 | |
| 603 | 471 | -132 | -21.9 | 102 | 135 | 33 | 32.4 | 203 | 117 | -86 | -42.4 | 185 | 122 | -63 | -34.1 | 113 | 97 | -16 | -14.2 | |
| 287 | 235 | -52 | -18.1 | 26 | 36 | 10 | 38.5 | 105 | 67 | -38 | -36.2 | 103 | 60 | -43 | -41.7 | 53 | 72 | 19 | 35.8 | |
| 1,980 | 1,750 | -230 | -11.6 | 302 | 314 | 12 | 4.0 | 601 | 397 | -204 | -33.9 | 649 | 582 | -67 | -10.3 | 428 | 457 | 29 | 6.8 | |

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

NEW HIRES

Continued from page 8

These industries represented the largest increases from the second-quarter low, but a handful of other industries picked up as well. By the fourth quarter, which is the typical low point, overall hiring was not that far below what it would normally be.

But while hiring levels had nearly recovered late in the year, the industry mix remained atypical. Accommodation and food services' new hires were still low in the fourth quarter — nearly 32 percent

below the previous year — as bars and restaurants found other ways to operate but remained at lower capacity.

While 2021's numbers will likely show improvement from the unprecedented lows of 2020, a recovery to full spring and summer hiring levels is unlikely this year. Still, tourism will pick up as vaccinations and travel increase and more businesses reopen. Large cruise ships, which bring the majority of the year's visitors to Alaska, are scheduled to return in July.

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ALASKA BREWERIES

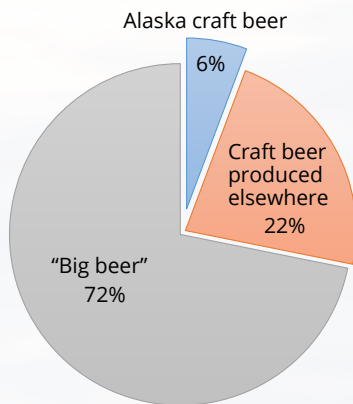
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Consumption hasn't fully rebounded yet, although it had risen right before the pandemic hit. In January and February of 2020, patrons consumed slightly more craft beer than during the same period the year before.

At the lowest point, in April, consumption was down 39 percent. The numbers began to improve through September, but then fell again through most of the winter.

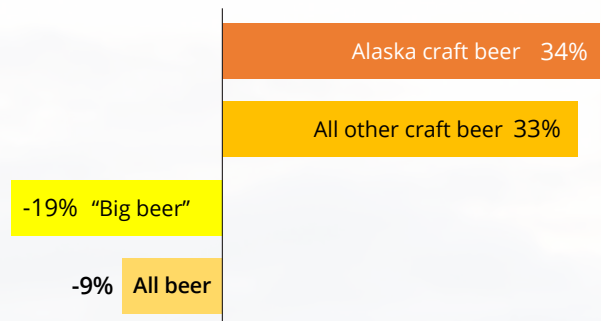
This year will undoubtedly be a better one for Alaska's breweries, as they — along with restaurants

Types of beer sold in Alaska, 2020



Source: Alaska Department of Revenue

Taste for craft beer grew over decade even as total beer consumption fell



Source: Alaska Department of Revenue

and bars — inch closer to full capacity and pent-up demand kicks in.

A busier visitor season, at least compared to 2020, will also help. The pandemic is still a factor, which makes a return to 2019 consumption levels a tall order this year. But more locals going out, some visitors returning, and the recent opening of several more breweries with more planned bode well for the industry's future.

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