ALASKA ECONOMIC TRENDS
OCTOBER 2019

HOW GOVERNMENT in ALASKA COMPARES

ALSO INSIDE
Alaska’s labor force participation decline
Mythbusting Alaska’s boom-bust reputation

ALASKA DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT
Veterans bring valuable skills to Alaska employers

By Dr. Tamika L. Ledbetter, Commissioner

A proven way to find quality employees and boost any organization’s performance is to actively recruit military veterans, and Alaska has more veterans per capita than any other state. About 12.5 percent of Alaska’s adults are veterans, putting us far ahead of the second-highest state, Virginia, at 10.8 percent. Communities near military installations in particular have an untapped treasure in this ready-made workforce.

The skills and discipline veterans bring from their military service make them excellent candidates for hire. The Society for Human Resource Management has conducted a number of surveys to identify the most important skills businesses need, and the vast majority of respondents have consistently said their veteran hires possess some of the most desired qualities, including adaptability, dependability, problem-solving, leadership, follow-through, the ability to work as part of a team, and a strong sense of responsibility.

It’s wise to connect with veterans as soon as possible after they retire or separate from service, as they’re more likely to stay in Alaska and make a smooth transition into the civilian workforce if they can access local programs and veterans services and quickly secure a job.

The Department of Labor and Workforce Development has long focused on reaching out to the population of skilled men and women who have worked tirelessly to protect our country, at home and abroad.

Our local job centers are dedicated to supporting veterans and helping them overcome barriers to employment. Job center staff and their partners under the Workforce Innovation and Opportunity Act provide job search assistance, training, and other services to meet veterans’ specific employment needs.

Each November, the department hosts a statewide Veterans and Military Spouses Job Fair in Anchorage, where more than 100 employers connect veterans and their spouses to local hiring managers. In addition to finding employees, businesses can enjoy the added advantage of tax credits under the Work Opportunity Tax Credit when they hire eligible veterans.

This year’s job fair will be Nov. 22 from 10 a.m. to 2 p.m. at the University Center Mall on Old Seward Highway. Employers can call (907) 269-4777 for more details or register here.

One way we can thank veterans for their service is to ensure we support them during their transition, and the first step is connecting them to jobs where they can immediately put their transferrable skills to use. To every veteran, as well as to their spouses and dependents, we appreciate your sacrifice and thank you for your dedicated service.

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

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

Do we have more state/local government than other states?

ALASKA’S LABOR FORCE PARTICIPATION DECLINE

What this rate and other economic indicators combined show

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We’ve had just one true statewide boom-bust since ‘59

GAUGING ALASKA’S ECONOMY

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

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

If you have questions or comments, contact editor Sara Whitney at sara.whitney@alaska.gov or (907) 465-6561. This material is public information, and with appropriate credit it may be reproduced without permission. To sign up for a free electronic subscription, read past issues online, or purchase a print subscription, visit labor.alaska.gov/trends.
How Government in Alaska Compares

Do we have more state/local government than other states?

By DAN ROBINSON

As Alaska wrestles with an ongoing budget imbalance, one of the questions we face is how much government we want and need. One step toward making that policy decision is understanding how Alaska’s government job numbers and wages line up with other states and why states differ.

Mix of state and local jobs varies by state, so they’re combined

The different mix of services state and local governments provide around the country makes a straight-across comparison of per capita state government jobs misleading. State and local government are often intertwined through funding as well as function. For example, many public education jobs in Alaska are funded by the state but categorized as local government. As a result, this article combines the two.

On average, about 31 percent of state and local government jobs nationwide are state government, but in Alaska it’s 36 percent. Our boroughs and unincorporated areas, called “census areas,” provide fewer local government services than equivalent counties, townships, and parishes in other parts of the country, making Alaska’s state government responsible for more basic services.

For example, Alaska State Troopers and Village Public Safety Officers do police work that local governments would handle in many states. Similarly, Alaska’s state courts try a higher percentage of total cases than in other states, where county courts carry heavy caseloads. Transportation services and infrastructure are another example; the Alaska Department of Transportation and Public Facilities operates the major airports in Anchorage and Fairbanks as well as 200-plus rural airports and a large number of docks.

Federal jobs and their funding are mostly outside the sphere of the state’s budget and influence, so they are excluded from this analysis.

Small population, vast size mean more government jobs per capita

States with small populations tend to have more government jobs per capita. Wyoming, the least-popu-

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Small States Have More Government

STATE AND LOCAL, 2018

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Sources: U.S. Bureau of Labor Statistics; and Alaska Department of Labor and Workforce Development, Research and Analysis Section
labeled state at around 580,000, has the most state and local government jobs per 100 people, at 10.6. (See Exhibit 1.) Of the six states with fewer than a million people, five rank in the top 10 for government jobs per capita.

Delaware is the outlier. With a population of about 967,000 in just 1,955 square miles, Delaware is about one-fiftieth the size of Wyoming. It ranks 30th in government jobs per capita, at 6.3.

Delaware highlights that land size is another relevant factor in per capita government job numbers. North Dakota is about 35 times larger than Delaware, and Alaska is nearly 300 times larger. It’s easier and more efficient to provide government services in a state that’s smaller and more densely populated.

**Biggest chunk of government jobs by far are in education**

About two-thirds of all state and local government jobs nationwide are connected to education: primarily public universities and community colleges at the state level and public K-12 schools at the local level. Alaska ranks ninth for public education jobs, with 4.0 for every 100 people. (See Exhibit 2.)

The nation has 3.2 public education jobs per 100

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**About the numbers**

This article uses only jobs that are covered by state unemployment insurance laws. Employers, including state and local governments, are required to file quarterly reports that detail the numbers and types of workers on their payroll as well as the amounts they were paid.

Elected and appointed state and local government positions are generally not covered by unemployment insurance and are not included here.

These jobs numbers are annualized. In other words, a job that lasted six months is counted as 0.5 jobs. They also are not necessarily full-time.

Local government includes jobs in tribal government. In Alaska, tribal government accounts for just under 10 percent of local government employment.
people. The most populous states have relatively few, which again suggests efficiencies are available with larger and more concentrated populations.

Consider, for example, the number of education jobs relative to the population in one of Alaska’s rural school districts versus large urban school districts. Even the smallest, most remote schools require building and maintenance, administrative, and managerial staff in addition to teachers.

Texas is an exception in this category. Despite being the second most populated state, Texas has a relatively high concentration of public education jobs, at 3.9 per 100 people. Geography is the likely explanation for this outlier as well, as Texas is second-largest geographically, after Alaska. Parts of Texas have dispersed, remote, and small populations, which would require more government workers per capita to deliver the same level of services.

Alaska ranks third per capita for jobs outside education
Putting education-related government jobs aside, three states have noticeably higher concentrations of other government jobs: Wyoming, North Dakota, and Alaska. The top five states in this category all depend heavily on natural resources, and oil in particular.

The four highest-ranked states and the three lowest show another pattern that might seem confusing: political leanings. At the high end for noneducation government jobs per capita, Wyoming, North Dakota, Alaska, and Oklahoma are solidly red, having voted Republican in at least the four most recent presidential elections. The three states with the lowest concentrations of these jobs — Hawaii, Rhode Island, and Pennsylvania — are solidly or predominantly blue (Pennsylvania voted Democratic until the 2016 election).

These rankings shouldn’t be interpreted to mean red states have more government jobs and blue states fewer per capita; rather, they suggest politics is less important than other factors in determining a state’s concentration of government jobs.

Alaska government jobs pay a little less than average
Another relevant comparison is how much state and
local government jobs pay by state. Alaska’s average wages for both are slightly below average, which is somewhat surprising given our higher costs of living and historically high overall wages. (See Exhibit 4.)

The average state government job in Alaska paid $59,469 in 2018, ranking 18th among states and slightly below the nationwide average of $60,751. California’s state government jobs paid the most at more than $80,000 while Missouri’s and West Virginia’s paid the least at around $40,000 per year.

States’ politics appear to play more of a role in wages than in job numbers, as the six states with the highest state government wages — California, New Jersey, Rhode Island, Connecticut, Massachusetts, and New York — all voted for Democrats in the last four presidential elections.

The pattern is less clear at the low end, though, mostly because the third-lowest-paying state for state government state, Maine, is solidly blue. Otherwise, Missouri, West Virginia, Arkansas, Idaho, and Mississippi — the other lowest-paying states — are red.

Government wages appear to be driven by a number of factors, though, with cost of living and private sector wages in the state being most relevant.

Local government jobs in Alaska paid an average of $51,350 in 2018, which ranked 16th. Generally, local government jobs require slightly less education and

Sources: U.S. Bureau of Labor Statistics; and Alaska Department of Labor and Workforce Development, Research and Analysis Section
Alaska’s Government Jobs On Long Decline

STATE AND LOCAL, COMPARED TO U.S., 2001 TO 2018

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

training than jobs in state government.

At the top for local government was Hawaii at nearly $71,000. States with high state government wages tend to also have high local government wages, although a few exceptions were North Carolina and Florida, both of which had relatively low state government wages but higher-than-average local government wages.

Alaska’s government pattern diverged from the nation’s

The strength of states’ economies has played a strong role in how their government job numbers have risen and fallen since 2001. Nationally, state and local government employment grew strongly from 2001 to 2008 until the deep national recession hit state and local revenues hard. Job numbers fell sharply from 2008 to 2013. (See Exhibit 5.)

Over the last five years, the national numbers have recovered nearly all of that lost ground. Still, over the past two decades, the nation’s population has grown twice as fast as state and local government employment. The U.S. population grew 15 percent from 2001 to 2018 while state and local government employment grew 7 percent.

Alaska’s pattern has been quite different. Alaska’s state and local government employment grew more slowly than it did nationwide from 2002 to 2007, then picked up speed over the next three years, primarily due to historically high oil revenues.

Then, in 2010, Alaska’s government job numbers began falling as Alaska struggled with budget deficits and dramatically lower oil revenue.

Overall, the state’s population grew more than 16 percent from 2001-2018, and government jobs grew by about 6 percent.

Alaska still has more government per capita than the nation as a whole, but we have less than our closest peer states, Wyoming and North Dakota. We also don’t stand out from other states once population and geographic size are taken into account. Whether Alaska still has too many government jobs is a policy question rather than something these numbers alone can determine, but it’s clear that Alaska has become considerably leaner over the last eight years.

Dan Robinson is the chief of Research and Analysis. Reach him in Juneau at (907) 465-6040 or dan.robinson@alaska.gov.
Alaska’s Labor Force Participation Decline

What this rate and other economic indicators combined show

By LENNON WELLER

The labor force participation rate tells us what percentage of the working-age population — ages 16 and older — is either working or actively looking for work. While we don’t often hear about this economic indicator, it sheds light on a number of trends, such as a population’s capacity to produce goods and services and the supply of available workers.

Alaska’s labor force participation rate has declined substantially in recent years. The rate can change for a range of complicated reasons, some of which we will explain here. We will also take a look at the declines in the unemployment rate and our employment-to-population ratio — concurrent declines that might seem counterintuitive — and what these measures suggest about Alaska’s economy.

The size of the labor force has declined in recent years

Alaska’s labor force peaked in November 2011 at 366,844 people, meaning that many Alaskans 16 or older were employed or looking for a job. As of July 2019, the labor force had shrunk to 351,410.

More than 15,400 people have dropped out of Alaska’s labor force since November 2011. People leave the labor force for a number of reasons, including retirement, leaving the state, going to school, caring for family members, or giving up on finding work.

It’s important to look at the makeup of the labor force as well, keeping it mind it includes those who are unemployed. The labor force decline over that period was made up of 10,045 fewer people working and 5,389 fewer people looking for work. (See Exhibit 1.)

At the same time, the unemployment rate decreased by more than a full percentage point, from 7.5 percent to 6.3 percent. Given the decrease in the size of the labor force, this suggests people who lost their jobs have been more likely to simply leave the labor force altogether than to look for new jobs in Alaska.

Two declining rates show relatively fewer people working

In addition to the labor force shrinking in size, Alaska’s labor force participation rate has declined, and so has our employment-to-population ratio. (See exhibits 2 and 3.) These two measures identify a state’s overall ability
to support its population and its potential for economic growth.

While the total number of jobs in the state is an important measure of economic health, so are the numbers of people working or looking, and the size of the population they support. While there’s no ideal employment-to-population ratio, in theory, more people working relative to the size of the population leads to greater wealth. A lower employment-to-population ratio suggests a greater burden of support on those working and less ability to meet a population’s needs.

As of July 2019, Alaska’s labor force participation rate was 61.8 percent, down from 68.2 percent in November 2011. The employment-to-population ratio was 57.9 percent, down from 63.4 percent.

The comparable national rates were 62.9 percent and 60.6 percent in July, respectively.

Alaska’s rates moving in opposite direction from the nation’s

Labor force participation rates had been declining in Alaska and nationally for years, driven by the same population aging trend, but the U.S. rate stopped dropping in 2015 while Alaska’s continued to decline.

Alaska’s employment-to-population ratio has also been on a long downward trend, finally falling below the nation’s in 2015. Meanwhile, the nation’s employment-to-population ratio has been on a slow and steady climb for much of the past decade after dropping during the U.S. recession.

Alaska has historically been well above the nation for both of these rates. Much of our past economic activity was project-dependent (e.g., oil and gas, hard rock mining, timber, and fishing), meaning people moving to the state were typically individuals filling a job rather than families relocating. In other words, in the past, Alaska was mainly workers — but as we began to resemble the rest of the country, with more families moving into larger population centers, Alaska’s rates started to decline, narrowing the gap.

What causes changes in labor force participation rates

In general, when the demand for workers contracts, employment falls in the short-term and the unemployment rate rises. This doesn’t change the labor force participation rate, but rather the composition of the labor force: The number of people in the labor force remains the same but the number employed falls and the number unemployed rises.

Longer term, however, if the slump persists, people can become discouraged about their job prospects and stop looking. They may retire, leave the state, or just stop searching. Regardless, the labor force participation rate declines.

Another factor that can shift the labor force participation rate is demographics. As a population’s age structure changes, so too does the availability of people who can work.

An aging population is the trend
nationally as well as in Alaska, as the large baby boom generation reaches retirement age, so the labor force participation rate decreased as older people began to retire in greater numbers than the younger people entering the labor force to replace them.

This trend will continue well into the future. The percentage of Alaskans who are 65-plus has increased from 9.1 percent of the population (16 and older) in 2009 to 13 percent in 2017 and is projected to reach 17 percent by 2030. This factor on its own would decrease the labor force participation rate, but it’s not the whole story.

Younger people participating less, and we don’t yet know why

Decreases in two other age groups in Alaska, both in numbers and in their rates of participation, are exacerbating the aging-related decline in labor force participation rates.

The downward trend has been most pronounced among 16-to-19-year-olds. Alaska has increasingly fewer of them, and they’re also less likely to participate in the labor force.

Alaska’s population ages 16 to 19 decreased from 43,369 to 37,453 between 2011 and 2017. At the same time, their labor force participation rate dropped from 50.7 percent to 42.5 percent.

The other key age group, which is more central to our current labor force figures, is those between 45 and 54. Alaska now has fewer middle-aged workers as well; this group declined from 106,926 to 96,077, and their labor force participation rate declined from 82.5 percent to 81.9 percent. While that may not seem like a significant drop, any decline in the participation rate of a prime-working-age group is noteworthy.

The declines among younger groups suggest a combination of factors beyond demographics are driving this trend. We don’t yet understand why younger groups are participating less, and their changing behavior is an area ripe for future research.

Older people are working more, but this isn’t sustainable

For a long time, older people have buffered what would otherwise have been a steeper fall in the labor force and the participation rate, because they are working longer than past generations. But working older can only go so far, so this buffer isn’t sustainable.

Among prime-age working age adults (25 to 64), it’s those at the oldest end of the spectrum (55 to 64) who have been making up for some loss in the younger groups, and particularly the middle-aged.

But working older can only go so far, so this buffer isn’t sustainable. In the not-too-distant future, this mitigating factor will disappear and, if nothing else changes, the labor force participation rate will fall even lower.

How the unemployment rate decline factors in

The seasonally adjusted Alaska unemployment rate has steadily fallen from around 8 percent in 2009 to 6.2 percent as of August 2019. While that might seem positive on its face, as decreases in the unemployment rate are generally seen as desirable and increases undesirable, the unemployment rate can change for a range of reasons.

If the unemployment rate rises because people are losing their jobs when they want to work, that’s an obvious negative. But a rising unemployment rate can be positive if it’s caused by more people entering the labor market looking for a job.

Similarly, a falling unemployment rate can be a good sign if it means more people who want jobs are getting them. But it’s important to remember the unemployment rate is calculated only from the labor force, so if people stop looking for a job, retire, or move away, they are no longer figured in to the unemployment rate. In this case, the unemployment rate decrease might not be a positive sign.

The point is that the unemployment rate only tells part of the story; its components are just as important. In Alaska’s case, a shrinking labor force and relatively fewer people engaging in the labor force for multiple reasons, some of which aren’t yet clear, suggests we should be cautious about assuming the declining unemployment rate is a positive sign.

Lennon Weller is an economist in Juneau. Reach him at (907) 465-4507 or lennon.weller@alaska.gov.
Mythbusting Alaska’s Boom-Bust Reputation

We’ve had just one true statewide boom-bust since 1959

By NEAL FRIED

Alaska’s past has been marked by a number of booms and busts.

Nome’s population boomed from just a handful of people to more than 20,000 during the gold rush that began in 1898. By 1920, the city’s population had fallen to less than 1,000.

Kodiak had its own famous boom and bust in the 1970s when its king crab fishery’s value soared from $25 million to $232 million in just nine years. (In today’s dollars, that would have been an increase from $137 million to $637 million.) In some years, the value of Kodiak’s king crab fishery rivaled the state’s entire salmon fishery. By the early 1980s, the fishery had evaporated because the crabs didn’t return, for reasons that remain unclear.

Southeast Alaska’s timber industry also had a boom and bust cycle, although on a more drawn-out timeline, that culminated with the closure of large, high-paying pulp mill operations in Sitka in 1994 and Ketchikan in 1997.

Over Alaska’s history, fur, fish, minerals, and timber have all taken turns being economically hot and then cold. So even before oil made a splashy appearance in Alaska with its high-dollar returns and dramatic price volatility, the state had acquired a reputation as having a boom and bust economy. But to the extent booms and busts are defined by big swings in job numbers, it’s a myth that Alaska’s economy has earned that reputation during its post-statehood era.

Over the past 60 years, Alaska’s economy has only had a true boom-bust cycle once: between 1980 and 1987. Otherwise, we’ve sustained long stretches of mostly modest and uninterrupted job growth, including a remarkable 27 years from 1988 to 2015 with just a slight dip in job numbers in 2009.

Alaska has had fewer downturns than the nation

Since statehood in 1959, Alaska has weathered four recessions, defined as at least three straight quarters of employment losses. Over that same period, the nation recorded six recessions. (For more details, see the February 2016 issue of Alaska Economic Trends.)

Alaska’s first recession hit in 1976 with the completion of the Trans-Alaska Oil Pipeline, and it followed a major boom. Employment skyrocketed 58 percent between...
1973 and 1976, the population grew by 70,000, and total income jumped from $2.5 billion to $4.9 billion.

In late 1976 and 1977, more than 10,000 construction jobs ended and record numbers of people left the state. (See Exhibit 2.) While it looked like a classic boom-bust, two big things set it apart. First, we knew it was coming. Most of these jobs were temporary, set to disappear when Alaska’s largest-ever project was complete. Second, these losses were narrow. Most of the economy continued to grow and total income didn’t drop. Employment and the population decreased for just over a year and then resumed growing.

Two of the other three recessions didn’t fit the pattern, either. In these cases, neither followed a boom.

The first, in 2009, lasted only three quarters, during which the state lost just half a percent of its jobs and didn’t lose population.

The most recent state recession, which began in late 2015 and lasted through 2018, was preceded by several years of anemic job growth. From 2013 through 2015, employment grew by 0.4 percent or less a year, and by the time the recession hit in late 2015, we had already been losing residents to net migration for a few years.

Our one boom-bust since ’59 was major

Only one recession in Alaska history was a classic boom-bust, and it’s deeply etched into Alaska’s economic history, although the memories are fading.

Most Alaskans either weren’t here in the 1980s or are too young to remember them. You would need to be at least 50 years old to remember that recession well, although people somewhat younger might recall the childhood trauma of being uprooted after their families lost their homes. Nearly every person who lived through it has a story, as it represented a period of skyrocketing economic growth followed by a crash so hard it caused “economic PTSD” for years.

Between 1980 and 1985, high oil prices, juiced by the growing volume of oil flowing from the new 48-
Gauging Alaska’s Economy

Job Growth
August 2019
Over-the-year percent change

- Post-’80s high [Mar 90] 6.6%
- 1.4% [U.S.]
- 0.1%
- 9.0%
- Recession low, ’80s -7.5% [Jan 87]
- -8.0%

The state has registered over-the-year job gains for 11 straight months after losing jobs for the prior 36 months.

- The gains are small so far and almost disappeared in August.
- U.S. job growth remains stable and has been positive since 2010, with the strongest growth in 2015.

Unemployment Rate
August 2019
Seasonally adjusted

- Alaska high during Great Recession [Apr 10] 8.0%
- 11.2%
- 12.0%
- 2.2%
- Alaska ’80s recession low [Q1 1987]
- -17.0%

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

Wage Growth
1st Quarter 2019
Over-the-year percent change

- Alaska high [Q3 1981] 22%
- 6.2%
- 22.0%
- 4.4% [U.S.]
- 3.6%

- Wages increased for the sixth straight quarter, and the strongest growth over that period was in 4th quarter 2018.
- Alaska’s wage growth rate was slightly below the nation’s, but both remained strong.
Gauging Alaska’s Economy

**Initial Claims**
Unemployment, week ending August 31, 2019

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

Four-week moving average ending with the specified week

- **GDP Growth**
  1st Quarter 2019
  Over-the-year percent change

  - Gross domestic product is the value of the goods and services a state produces. Alaska’s GDP has grown for the last 10 quarters after declining for 15 out of the prior 16.

  *In current dollars*

**Personal Income Growth**
2nd Quarter 2019
Over-the-year percent change

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

**Change in Home Prices**
Single-family, 1st Qtr 2019
Over-the-year percent change

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

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**Foreclosure Rate**
4th Quarter 2018

- Foreclosure rates remain very low, highlighting how different the state’s recent recession was from the ’80s recession when foreclosure rates exceeded 10 percent.

**Population Growth**
2017 to 2018

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

**Net Migration**
2017 to 2018

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

Percent change in jobs, August 2018 to August 2019

Unemployment Rates

Seasonally adjusted

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Regional, not seasonally adjusted

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Southwest Region

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<td>Bethel Census Area</td>
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Gulf Coast Region

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Southeast Region

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<tr>
<th>Region</th>
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<td>Prince of Wales-Hyder Census Area</td>
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<td>Sitka, City and Borough</td>
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<tr>
<td>Skagway, Municipality</td>
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<tr>
<td>Yakutat, City and Borough</td>
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<td>6.8</td>
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</table>

+2.6% Statewide
+0.4%
+0.1%
-1.3%
+0.1%
+0.6%
-1.4%
**How Alaska Ranks**

**Unemployment Rate**

- 1st: Vermont 2.1%
- 50th: 6.2%

**Job Growth**

- 1st: Utah and Nev. 3.0%
- 48th*: 0.1%
- 50th: Vermont -0.2%

**Job Growth, Private**

- 1st: Utah 3.4%
- 49th*: 0.1%

**Government Job Growth**

- 1st: New Hampshire 2.8%
- 38th*: 0.1%
- 50th: Vermont -4.0%

**Job Growth, Construction**

- 1st: Nevada 9.9%
- 29th: 3.2%
- 50th: Louisiana -7.6%

*Tied with Maryland

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

1August seasonally adjusted unemployment rates
2August 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

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**Other Economic Indicators**

<table>
<thead>
<tr>
<th>Economic Indicator</th>
<th>Current</th>
<th>Year ago</th>
<th>Change</th>
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<tbody>
<tr>
<td><strong>Urban Alaska Consumer Price Index</strong> (CPI-U, base yr 1982=100)</td>
<td>228.858</td>
<td>223.099</td>
<td>+2.6%</td>
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<tr>
<td><strong>Commodity prices</strong></td>
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<tr>
<td>Crude oil, Alaska North Slope,* per barrel</td>
<td>$61.14</td>
<td>August 2019</td>
<td>$73.82</td>
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<tr>
<td>Natural gas, residential, per thousand cubic feet</td>
<td>$13.84</td>
<td>June 2019</td>
<td>$12.73</td>
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<tr>
<td>Gold, per oz. COMEX</td>
<td>$1,525.30</td>
<td>9/23/2019</td>
<td>$1,204.40</td>
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<td>Silver, per oz. COMEX</td>
<td>$18.46</td>
<td>9/23/2019</td>
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<tr>
<td>Copper, per lb. COMEX</td>
<td>$2.58</td>
<td>9/23/2019</td>
<td>$2.84</td>
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<tr>
<td>Zinc, per MT</td>
<td>$2,305.00</td>
<td>9/20/2019</td>
<td>$2,564.00</td>
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<tr>
<td>Lead, per lb.</td>
<td>$0.95</td>
<td>9/23/2019</td>
<td>$0.93</td>
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<td><strong>Bankruptcies</strong></td>
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<td>Business</td>
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<td>Q2 2019</td>
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<tr>
<td>Personal</td>
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<td>Q2 2019</td>
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<td><strong>Unemployment insurance claims</strong></td>
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<td>Initial filings</td>
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<tr>
<td>Continued filings</td>
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<tr>
<td>Claimant count</td>
<td>5,617</td>
<td>August 2019</td>
<td>6,133</td>
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*Department of Revenue estimate

Sources for this page and the preceding three pages include Alaska Department of Labor and Workforce Development, Research and Analysis Section; U.S. Bureau of Labor Statistics; U.S. Bureau of Economic Analysis; Kitco; U.S. Census Bureau; COMEX; Bloomberg; Infromine; Alaska Department of Revenue; and U.S. Courts, 9th Circuit
inch oil pipeline, introduced a new era of wealth for Alaska. For many, confidence in Alaska’s future was set because it felt like a permanent change. The world needed more oil, Alaska had a lot of it, and many thought prices would surely continue to soar.

Alaska saw its oil income grow from $907 million in 1979 to $4.8 billion in 1982. (In today’s dollars, that would be $2.6 billion to $11.1 billion.) The state’s gross domestic product more than doubled over those years. And in the first half of the 1980s, the population grew by 125,000. (See Exhibit 2 on page 13.)

It was the largest five-year population increase in Alaska’s history, and 60 percent of those gains came from migration. A deep national recession drove even more new residents to the state to catch the rising tide of Alaska’s economic expansion. Between 1980 and 1985, employment grew by 60,000 and in nearly every industry.

In 1983, Anchorage’s residential building permits reached 9,083. In contrast, last year just 1,659 building permits were issued in the entire state and 410 in Anchorage, yet the state’s population is nearly 50 percent bigger than it was in 1983.

Hindsight shows those numbers were setting the economy up for a classic real estate bubble — but a bust was in nobody’s forecast.

The boom started to disappear as quickly as it came. The economy showed traces of weakness even before the price of oil tanked, as residential and commercial real estate inventory had outpaced demand.

When oil prices fell, the spigot that flooded the state’s coffers slowed to a trickle, and spending was slashed. In 1986 and 1987, Alaska lost more than 20,000 jobs. Few industries or regions escaped the hit.

The unemployment rate hit a historical high of 11.2 percent. Between 1985 and 1989, more than 44,000 people left Alaska than arrived. In terms of net migration loss, 1987 and 1988 were record years. The state was feeling pretty vacant.

The collapsing real estate market opened a floodgate of foreclosures, which rose from 1,200 in 1984 to north of 6,500 each year from 1987 through 1989. In contrast, this now-much-larger state recorded just 734 foreclosures in 2018. (See Exhibit 3 on page 13.)

The real estate numbers in the late 1980s were stark:

- From 1985 to 1990, 15 banks, credit unions, and savings and loans in Alaska closed or were forced to consolidate.

### What ‘boom-bust’ means

“Boom-bust” is not a technical term, though it has some obvious similarities with recessions and other terms used for economic downturns.

Most would agree a boom-bust period is characterized by dramatic swings in economic activity, with overconfidence and overinvestment followed by an unsettling and exaggerated loss of confidence in the future after some precipitating event sends things spiraling downward. The upswing is marked by financial windfalls and the downswing comes as a surprise, inflicting major damage on the economy where large amounts of wealth evaporate.

The recent U.S. Great Recession (late 2007-2009) is a good example of a large-scale boom-bust. States that were hit especially hard — Arizona, Florida, and Nevada, for example — suffered employment, wealth, and real estate busts that looked a lot like Alaska’s in the 1980s.

- Much of the excess new inventory didn’t fill up for another decade.
- The price to rent class A office space in Anchorage fell from $1.75 per square foot in 1984 to 45 cents in 1988.
- The number of real estate agents in Anchorage plummeted from 2,222 in 1984 to 732 in 1988.
- The average price of an Anchorage condo dropped from $100,000 in 1985 to $34,000 in 1989.

### While boom-busts don’t define us, we’re still subject to volatility

The fact that Alaska’s job counts show fewer boom-bust periods since statehood than the nation as a whole should not be misinterpreted to mean the state no longer depends heavily on oil or that we won’t ever boom-bust again. Oil dependence continues to carry enormous potential for volatility. By other economic measures, such as gross domestic product, Alaska has had more dramatic swings than the nation or most other states.

But it’s useful to anyone trying to understand Alaska’s economy to recognize that true boom-busts have actually been rare events in Alaska since statehood rather than what defines the state’s economy.

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

GEDWorks™ program helps workers get their GEDs

Employers across Alaska are helping their workers get a GED at no cost, which gives them the opportunity to gain the skills they need to succeed in the workplace and beyond.

One in five working adults does not have a high school diploma, and that number is often higher among those in entry-level frontline positions. National companies like Taco Bell, KFC, and Pizza Hut recognized this need and began offering their workers the opportunity to finish their high school education through the GEDWorks program.

Through a partnership with GED Testing Service, GEDWorks employers provide everything workers need to prepare for and earn their GED. Participants receive personalized coaching through a GEDWorks adviser, free GED tests, and practice tests and online study materials in English and Spanish.

More than 4,000 students have earned a GED through this program nationally, and program participants report greater job satisfaction and loyalty to their companies. Students who earn a GED also have the skills and training to pursue further education and career training programs.

Employers have found that offering this opportunity has improved their retention and recruitment rates while building morale. Helping an employee earn a high school equivalency diploma also helps boost the state's pool of qualified workers. Right now, "middle-skill" jobs make up a large part of Alaska's employment, and an estimated 48 percent of all projected job openings through 2026 will require more than a high school diploma but less than a bachelor's degree. Employers who participate in the GEDWorks program have the opportunity to help close the skills gap and invest in Alaska's future.

Interested employers can contact Windy Swearingin at (907) 465-8714 or windy.swearingin@alaska.gov. To learn more about the GEDWorks program, visit http://www.gedworks.com.

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

SAFETY MINUTE

Partnerships with Alaska Occupational Safety and Health

Partnership programs give Alaska employers the opportunity to work with Alaska Occupational Safety and Health, or AKOSH, to improve their workplace safety and health performance. The goals of an ongoing partnership with AKOSH include:

- Fewer accidents and related costs
- Increased productivity, with less down time and improved employee morale
- Better industry focus on the causes of workplace accidents
- Reduced worker’s compensation costs and reportable injuries
- Teamwork and ongoing commitment between AKOSH, the employer, and employees to achieve safety and health goals

AKOSH has three types of partnership programs: Voluntary Protection Program (VPP), Safety and Health Achievement Recognition Program (SHARP), and Construction Health and Safety Excellence Program (CHASE).

VPP promotes worksite-based safety and health performance. In VPP, a company’s management, employees, and AKOSH work together to develop a comprehensive safety and health management system. Acceptance into the program demonstrates official recognition of employers and employees who have achieved exemplary occupational safety and health.

SHARP recognizes small employers who operate an exemplary safety and health management system. Through acceptance into SHARP, an employer is singled out as a model for worksite safety and health among their business peers.

CHASE is a program unique to Alaska that partners licensed Alaska construction contractors with AKOSH to reduce injuries, illnesses, and fatalities in the construction industry.

For more information on how to partner with AKOSH, visit http://labor.alaska.gov/lss/oshhome.htm.

Safety Minute is written by Consultation and Training at the Alaska Occupational Safety and Health Section of the department’s Division of Labor Standards and Safety.