



ALASKA ECONOMIC  
**TRENDS**  
DECEMBER 2019

# Construction's Winding Road

**ALSO INSIDE**  
Commuting across Alaska

# FROM THE COMMISSIONER

## New interagency task force will support at-risk youth

**By Dr. Tamika L. Ledbetter, Commissioner**

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

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

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

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



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

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

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

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



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ON THE COVER:

Design by Sara Whitney

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

**ALASKA**  
DEPARTMENT of LABOR  
and WORKFORCE  
DEVELOPMENT

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

# ALASKA ECONOMIC TRENDS

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

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

If you have questions or comments, contact editor Sara Whitney at [sara.whitney@alaska.gov](mailto:sara.whitney@alaska.gov) or (907) 465-6561.  
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# Construction's Winding Road

Industry growing again but has a long road to full recovery

By NEAL FRIED

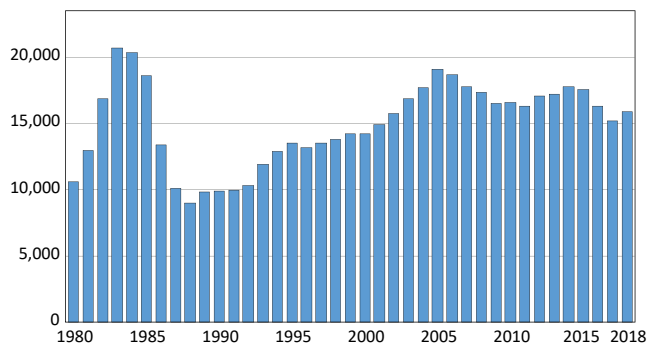
**A**fter two years of big job losses, Alaska's construction industry started growing again in 2018 and continued adding jobs in 2019. (See exhibits 1 and 2.) No single project is responsible for the reversal, although projects tied to Eielson Air Force Base and other military installations in the Interior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

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

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

## 2 Jobs Last Peaked in 2005

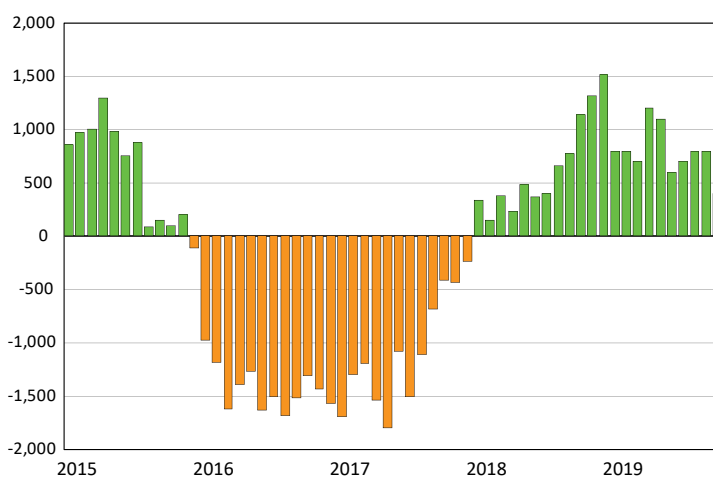
ALASKA CONSTRUCTION, 1980 TO 2018



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

## 1 Construction Began to Recover in '18

CHANGE FROM SAME MONTH PRIOR YEAR, 2015-19



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

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

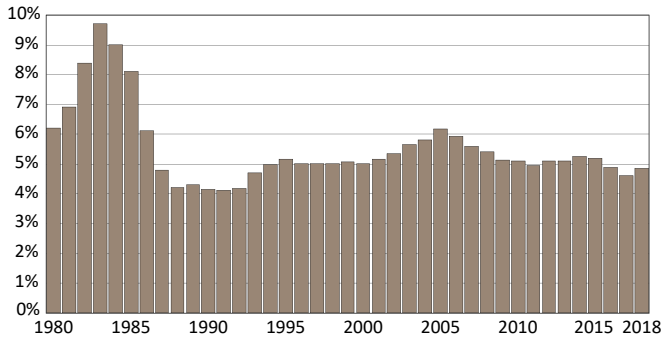
## Role in the economy has changed

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

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

# 3 Construction Represents About 5% of Alaska Jobs

## SHARE OF TOTAL, 1980 TO 2018



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

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

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

## Total value has tracked with jobs

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

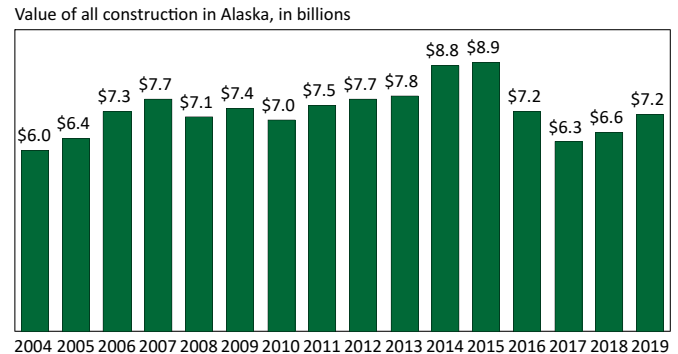
The value of all construction spending in the state generally tracks with job numbers. (See Exhibits 4 and 5.) For example, the 2016 and 2017 job losses mirrored the \$1 billion-plus decline in construction value between 2015 and 2016, which led to a low in 2017 during the recession.

## Military spending remains vital

Defense spending has long supported construction in

# 4 Total Construction Value Ticks Up After Big Drops

## ALASKA VALUE IN BILLIONS, 2004 TO 2019



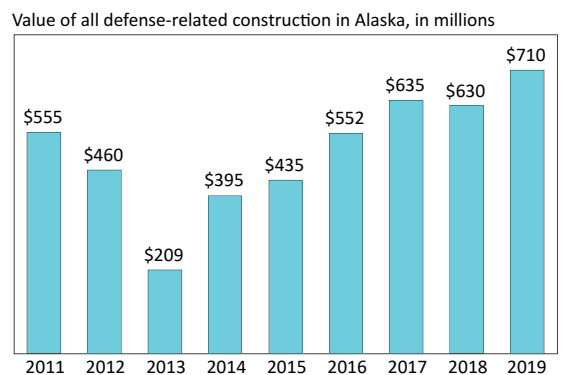
Sources: University of Alaska Anchorage ISER Annual Construction Forecast and Alaska Associated General Contractors

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

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

# 5 Military Spending Grows

## CONSTRUCTION RELATED, 2011 TO 2019



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

## Number of new homes way down

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

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

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

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

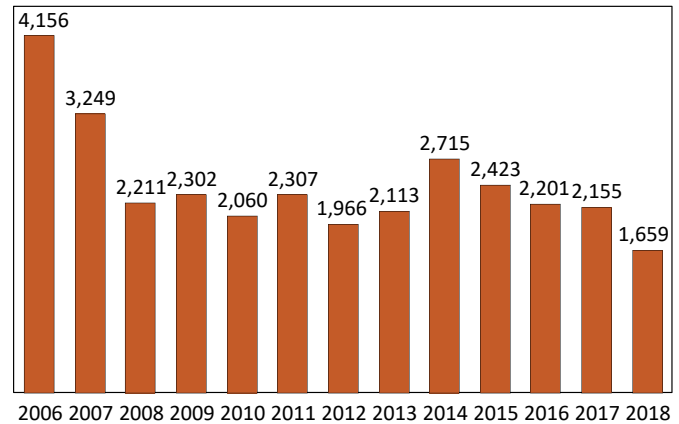
## Most jobs based in Anchorage and Mat-Su, even if activity is elsewhere

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

Employment data are categorized by a firm's location.

## 6 Residential Building Is Down

NEW HOMES IN ALASKA, 2006 TO 2018



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

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

## A look at the types of construction

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

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

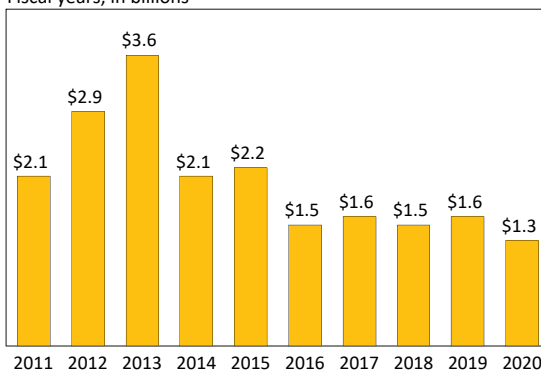
Heavy construction is a larger part of the industry in Alaska than nationwide, at 26 percent versus 14 percent, because Alaska has more infrastructure projects. That percentage has also increased in recent years — not because Alaska is building more large infrastructure, but because we're constructing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

Continued on page 14

## 7 Bare Bones Capital Budgets

ALASKA, FISCAL YEARS 2011 TO 2020

Fiscal years, in billions



Source: Alaska Division of Legislative Finance

# Commutes Across Alaska Are Common

Alaska has more intrastate commuters than most states

By ROB KREIGER

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

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

## Most do live where they work

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

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

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

## 1 Percent of Alaskan Workers Who Are Locals, By Area

ALASKA, 2017

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

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

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

# 2

## Where People Work, by Area of Residence

ALASKA, 2018

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

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

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

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

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

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

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

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

### Mat-Su residents most likely to leave borough for work

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



Place of Work

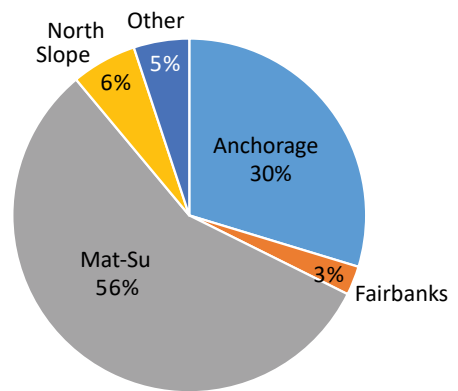
| Ktn   | Kodiak | Kusilvak | Lake and Pen | Mat-Su | Nome  | North Slope | NW Arctic | Peter-sburg | POW-Hyder | Sitka | Skagwy | SE Fbks | Valdez-Cordova | Wrangell | Yakutat | Y-K   | Total   |
|-------|--------|----------|--------------|--------|-------|-------------|-----------|-------------|-----------|-------|--------|---------|----------------|----------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

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

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

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### 3 Where Mat-Su Residents Work ALASKA, 2017



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

#### About the data

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

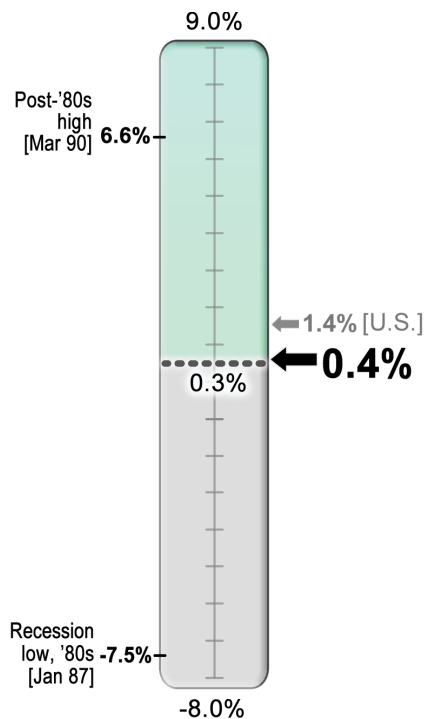
We identified Alaska residents using a combination of wage records and Permanent Fund Dividend applications. If a worker earned wages and applied for a Permanent Fund Dividend in 2017 or 2018, we considered that person a resident for this analysis.

# Gauging Alaska's Economy



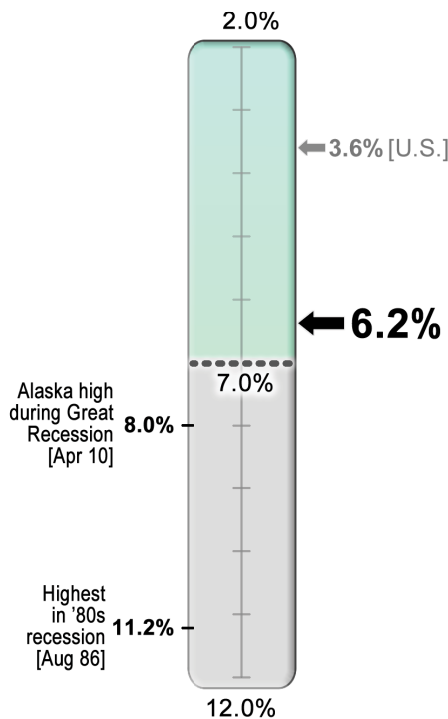
## Job Growth

October 2019  
Over-the-year percent change



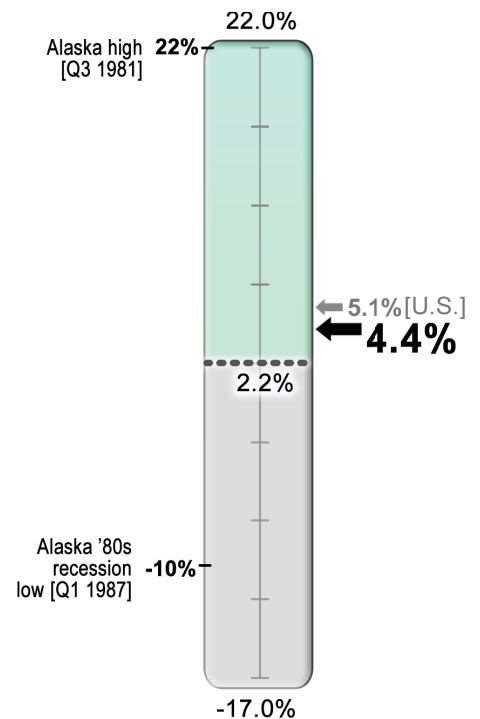
## Unemployment Rate

October 2019  
Seasonally adjusted



## Wage Growth

2nd Quarter 2019  
Over-the-year percent change

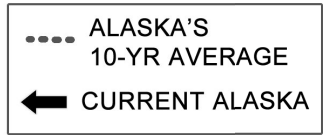


- The state has registered over-the-year job gains for 13 straight months after losing jobs for the prior three years.
- The gains are small so far, hovering around half a percentage point.
- U.S. job growth remains stable and has been positive since 2010, with the strongest growth in 2015.

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

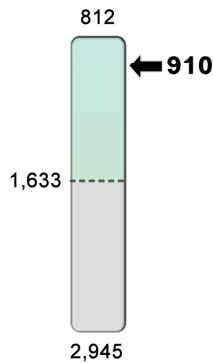
- Wages increased for the seventh straight quarter, and the strongest growth over that period was in 4th quarter 2018.
- Alaska's wage growth rate was slightly below the nation's, but both remained strong, growing at about the same rate from first to second quarter.

# Gauging Alaska's Economy



## Initial Claims

Unemployment, week ending Nov. 2, 2019†

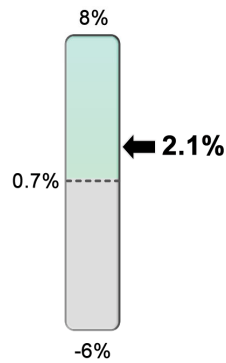


➤ For a variety of reasons, initial claims are well below the 10-year average despite job losses.

† Four-week moving average ending with the specified week

## GDP Growth

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

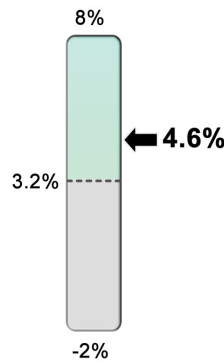


➤ Gross domestic product is the value of the goods and services a state produces. Alaska's GDP has grown for the last 11 quarters after declining for 15 out of the prior 16.

\*In current dollars

## Personal Income Growth

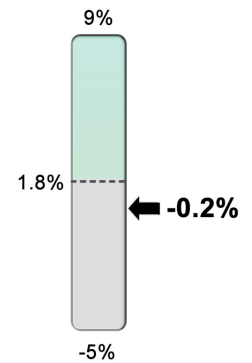
2nd Quarter 2019  
Over-the-year percent change



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

## Change in Home Prices

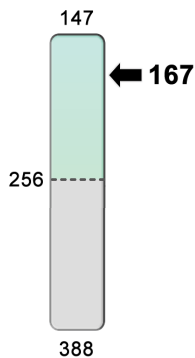
Single-family, 2nd Qtr 2019  
Over-the-year percent change



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

## Foreclosures

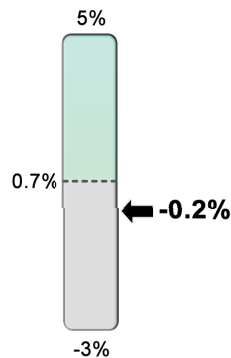
2nd Quarter 2019



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

## Population Growth

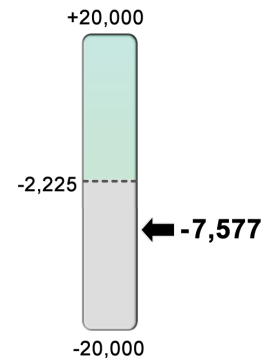
2017 to 2018



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

## Net Migration

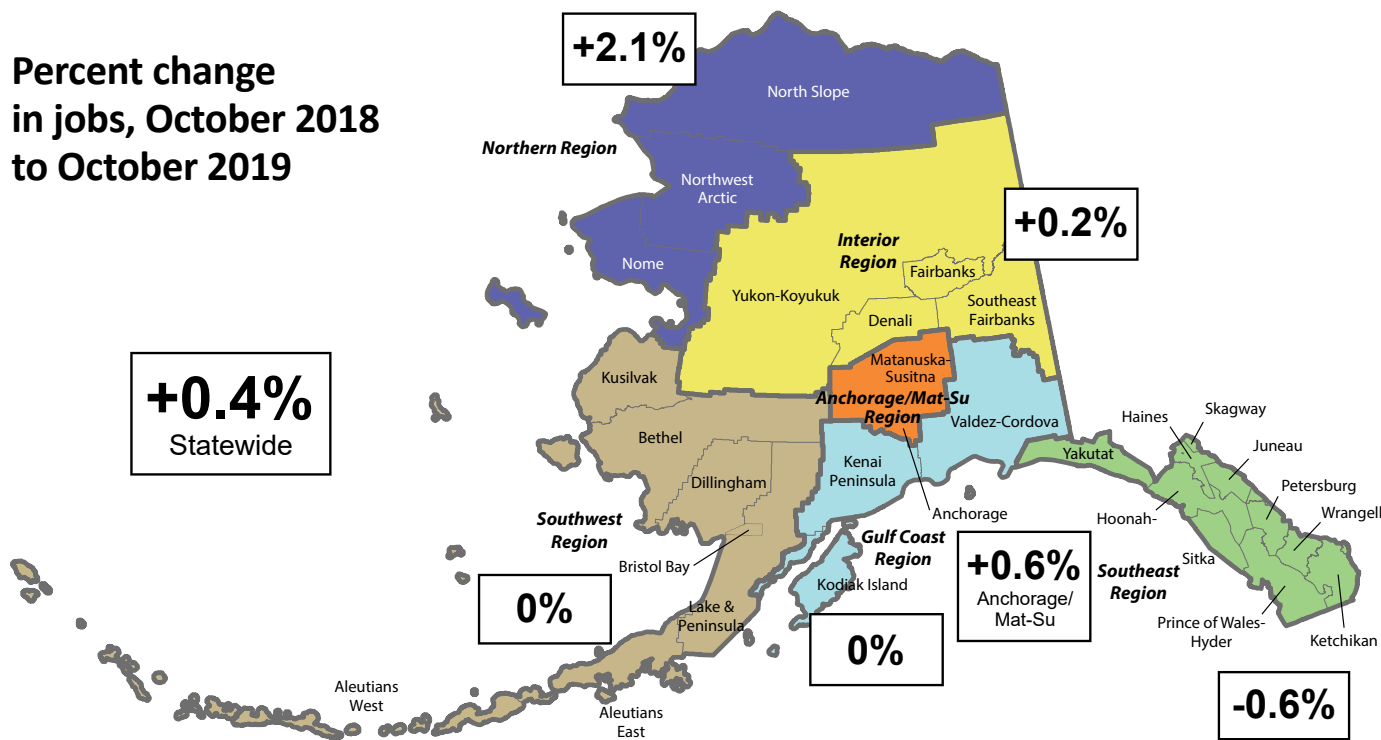
2017 to 2018



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

# Employment by Region

Percent change in jobs, October 2018 to October 2019



## Unemployment Rates

Seasonally adjusted

Not seasonally adjusted

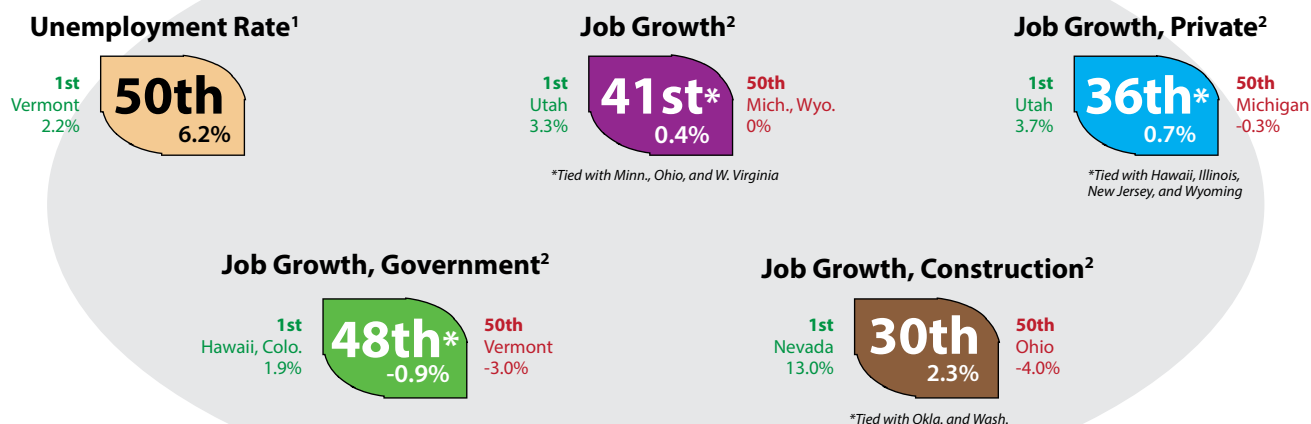
|               | Prelim. | Revised |       |
|---------------|---------|---------|-------|
|               | 10/19   | 09/19   | 10/18 |
| United States | 3.6     | 3.5     | 3.8   |
| Alaska        | 6.2     | 6.2     | 6.5   |

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

Regional, not seasonally adjusted

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

# How Alaska Ranks



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

<sup>1</sup>October seasonally adjusted unemployment rates

<sup>2</sup>October 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  |
|--|------------|---------------|------------|---------|
| <b>Urban Alaska Consumer Price Index</b> (CPI-U, base yr 1982=100) | 228.858    | 1st half 2019 | 223.099    | +2.6%   |
| <b>Commodity prices</b>  |            |               |            |         |
| Crude oil, Alaska North Slope,* per barrel                         | \$62.83    | Oct 2019      | \$80.03    | -21.49% |
| Natural gas, residential, per thousand cubic feet                  | \$14.78    | Aug 2019      | \$13.05    | +13.26% |
| Gold, per oz. COMEX  | \$1,467.90 | 11/19/2019    | \$1,225.30 | +19.80% |
| Silver, per oz. COMEX  | \$17.05    | 11/19/2019    | \$14.40    | +18.40% |
| Copper, per lb. COMEX  | \$2.67     | 11/19/2019    | \$2.81     | -4.92%  |
| Zinc, per MT   | \$2,344.00 | 11/18/2019    | \$2,600.00 | -9.85%  |
| Lead, per lb.  | \$0.89     | 11/19/2019    | \$0.91     | -2.20%  |
| <b>Bankruptcies</b>  |            |               |            |         |
|  | 105        | Q3 2019       | 106        | -0.94%  |
| Business   | 12         | Q3 2019       | 9          | +33.33% |
| Personal   | 93         | Q3 2019       | 97         | -4.12%  |
| <b>Unemployment insurance claims</b>                               |            |               |            |         |
| Initial filings  | 6,078      | Oct 2019      | 6,657      | -8.70%  |
| Continued filings  | 25,336     | Oct 2019      | 27,428     | -7.63%  |
| Claimant count   | 6,728      | Oct 2019      | 7,286      | -7.66%  |

\*Department of Revenue estimate

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

## CONSTRUCTION

Continued from page 6

and commercial buildings.

### Industry known for high wages and large seasonal swings

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

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

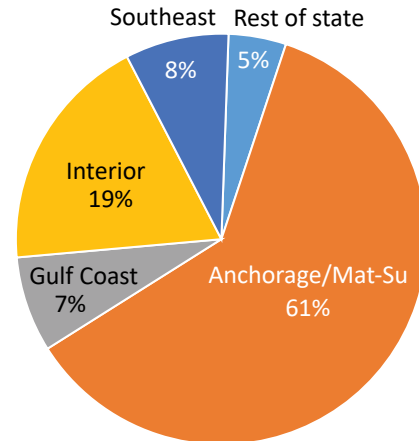
Construction is also one of the most seasonal industries, second only to tourism and fishing. Since 2000, in every year but two, its lowest employment month has been January and the peak has been August. In the two outlying years, the peak was July and the minimums were February or December. Between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

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

# 8

## Most Jobs Are in Anchorage

ALASKA CONSTRUCTION, 2018



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

### Nonresident percentage drops

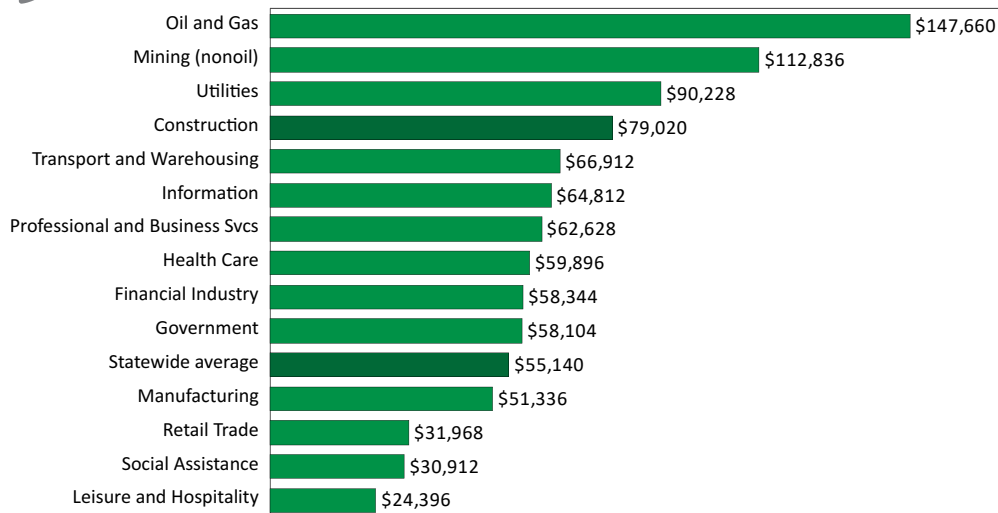
Construction's extreme seasonality in Alaska partly explains its large percentage of nonresidents. In 2017, the state's construction workforce was 18 percent nonresidents, who took in 14 percent of construction wages.

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

# 9

## Average Wage High in Construction

ALASKA INDUSTRIES, ANNUAL, 2018



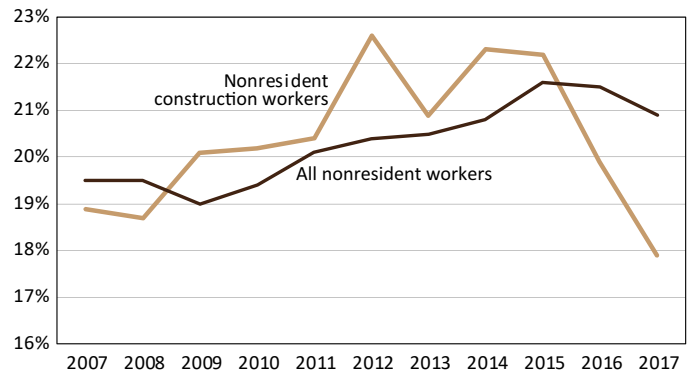
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

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

# 10

## Nonresident Percentage Has Fallen

ALASKA CONSTRUCTION INDUSTRY, 2007 TO 2017



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

### Cost an ongoing issue

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

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

## EMPLOYER RESOURCES

### Rapid Response services help mitigate the effects of layoffs

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

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

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

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

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

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