

# Alaska's Economy and Workforce

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**[www.ua-ced.org](http://www.ua-ced.org)**

## One the one hand...

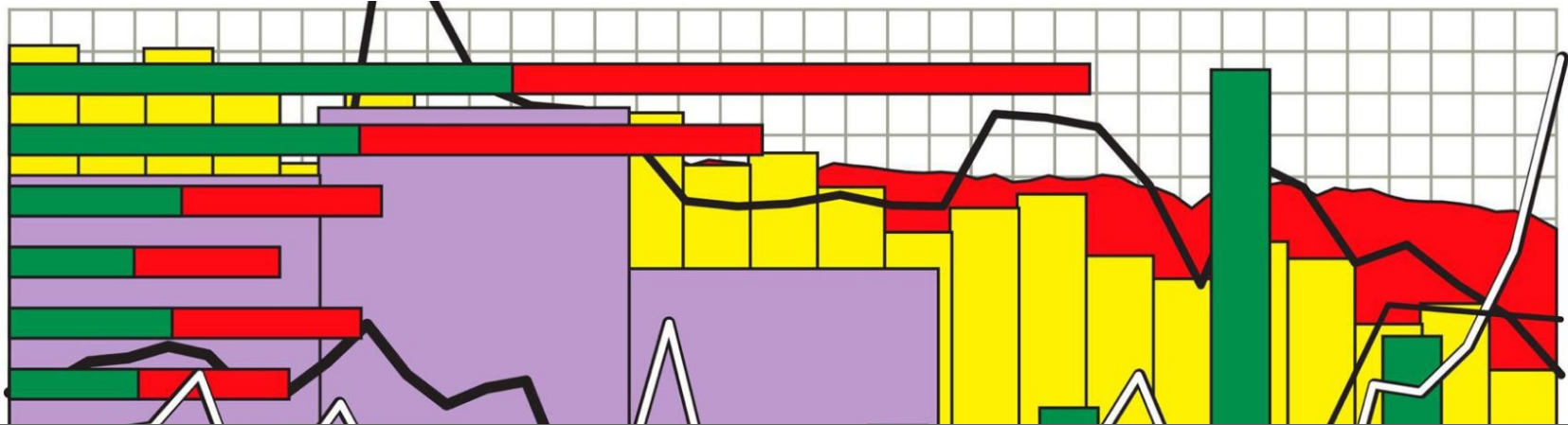
- Employment growing
- Extremely low unemployment
- Consumers are spending



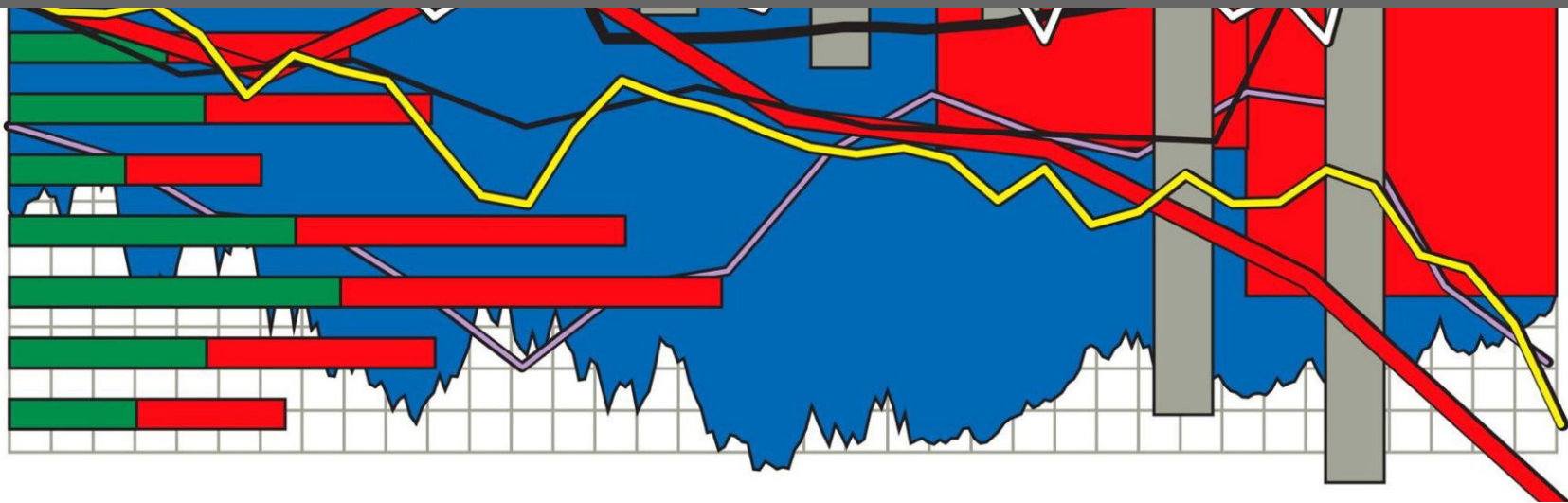
## On the other hand...

- Inflation
- Labor shortages
- Housing costs
- GDP likely shrinking





The mixed-signal economy



- Compare Alaska to US and all other states, plus DC
- 2015-2022
- Four measures
  - Employment
  - Unemployment
  - GDP
  - Net migration
- COVID and recovery period

## Alaska's Economic Performance in National Context

By the University of Alaska Center for Economic Development, November 2022

Alaska has underperformed relative to the national economy for several years. From 2015 to 2018, the state experienced 36 consecutive months of declining employment as the U.S. economy (and most states) saw steady expansion. The main culprit for Alaska's lagging performance during these years was the low price of oil. A period of oil prices in excess of \$100 per barrel came to an end in 2014, leading to falling employment in multiple sectors tied to the industry. When employment stopped declining in 2018, growth failed to materialize; seasonally adjusted employment was essentially unchanged from late 2018 to early 2020. Then the COVID-19 pandemic struck.

Alaska saw a sharp decline in employment similar to the rest of the U.S. in March and April 2020. However, the state's recovery has been notably slower than for the national economy.

While U.S. employment reached pre-pandemic levels in the summer of 2022, Alaska employment remains well below.

The sections that follow compare Alaska's economic performance from 2015 to 2021 to the other 49 states as well as the District of Columbia. The primary indicators for this analysis are employment growth, unemployment rates, gross domestic product (GDP) and net migration. We show that on all four measures, Alaska ranks at or near the bottom for all states. We then examine state performance from early 2020 to 2022 to document the pandemic-affected period and recovery, in terms of employment growth and GDP. This time period also indicates poor relative performance for Alaska, raising concerns about the state's future growth prospects.

### Employment growth: paths diverge

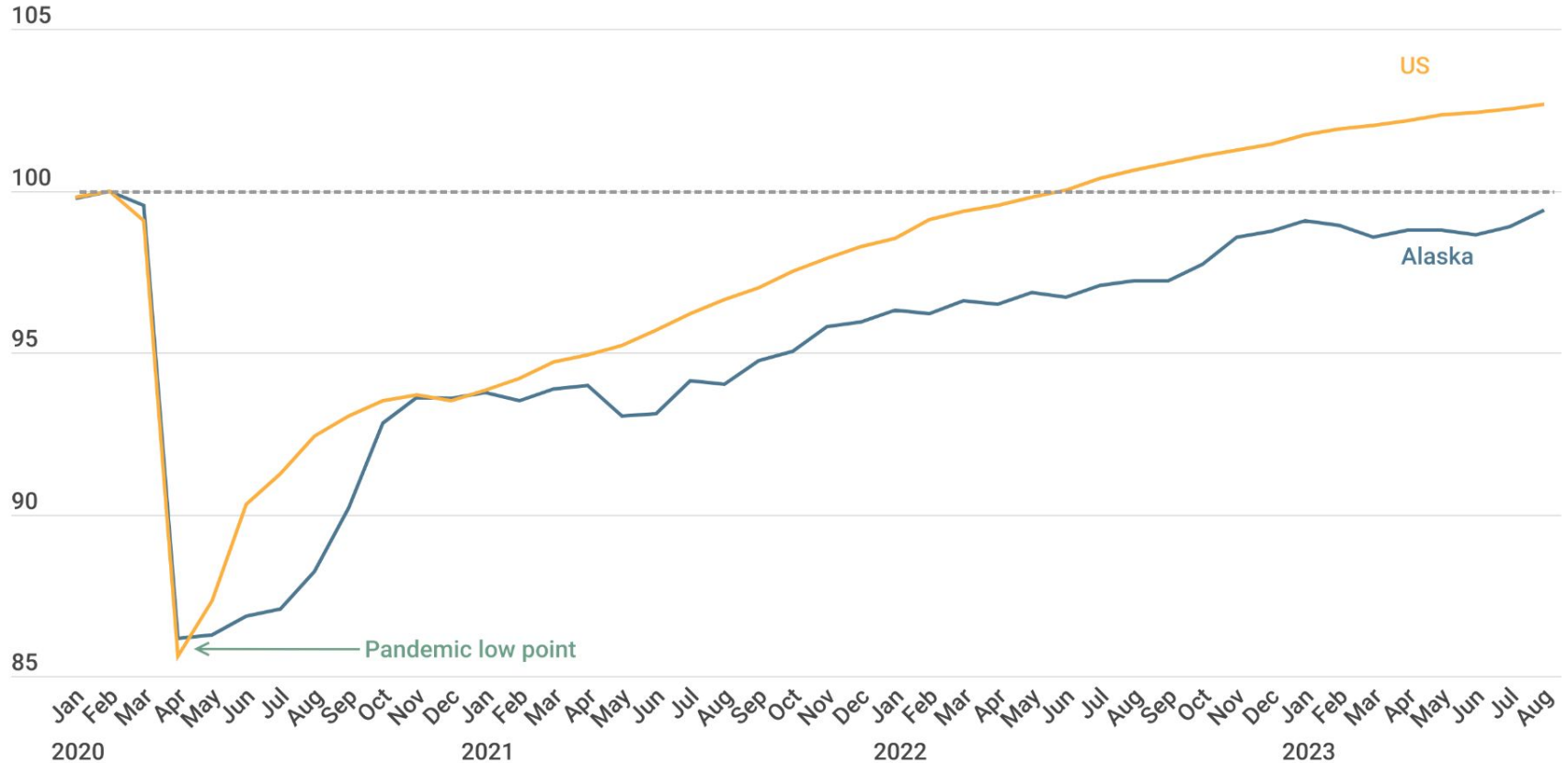
Employment change in the U.S. and Alaska, indexed to January 2015



Source: BEA

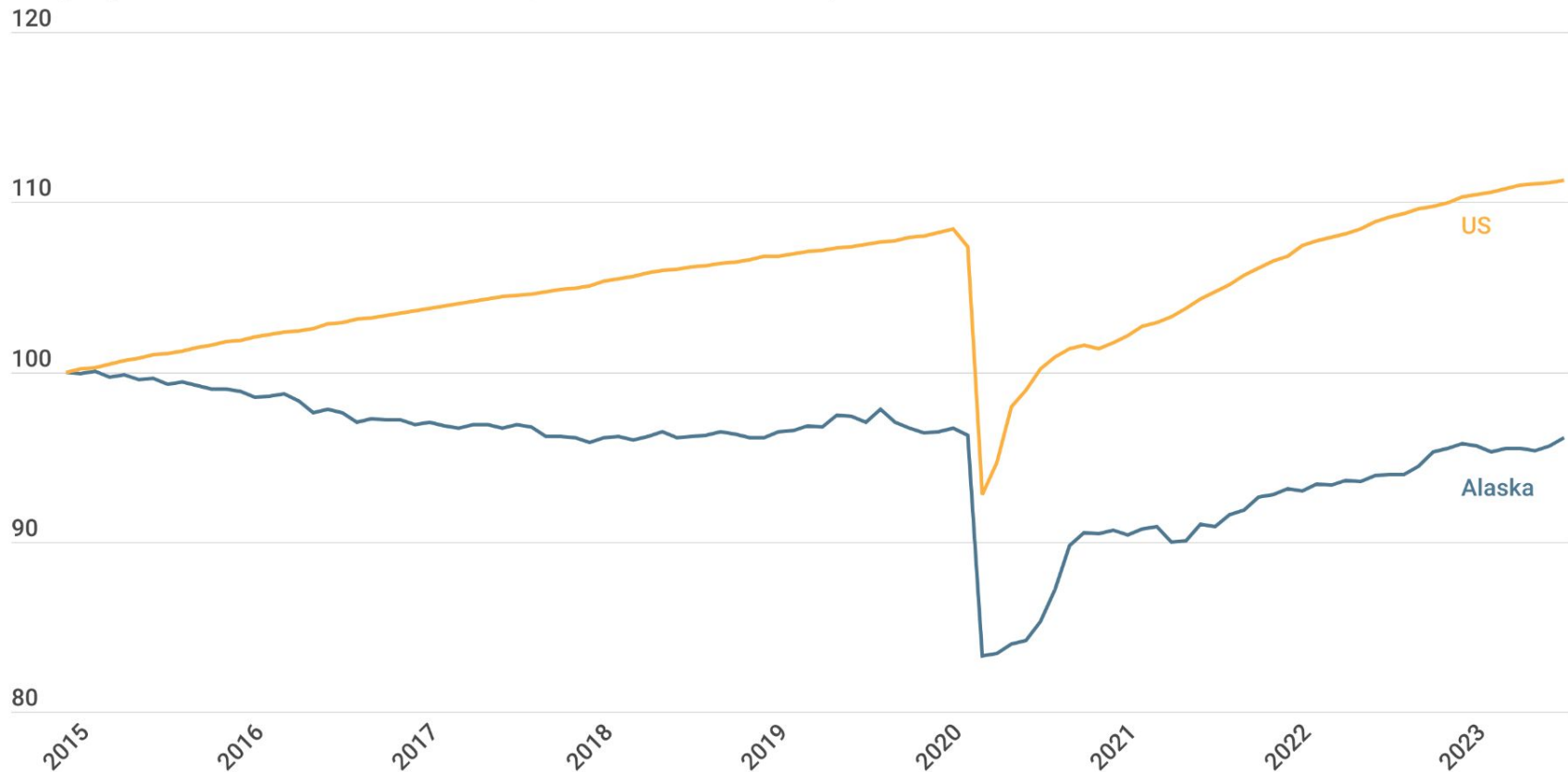
# Alaska's slow pandemic recovery

Employment in the US and Alaska, indexed to February 2020



# Alaska's longer-term stagnation

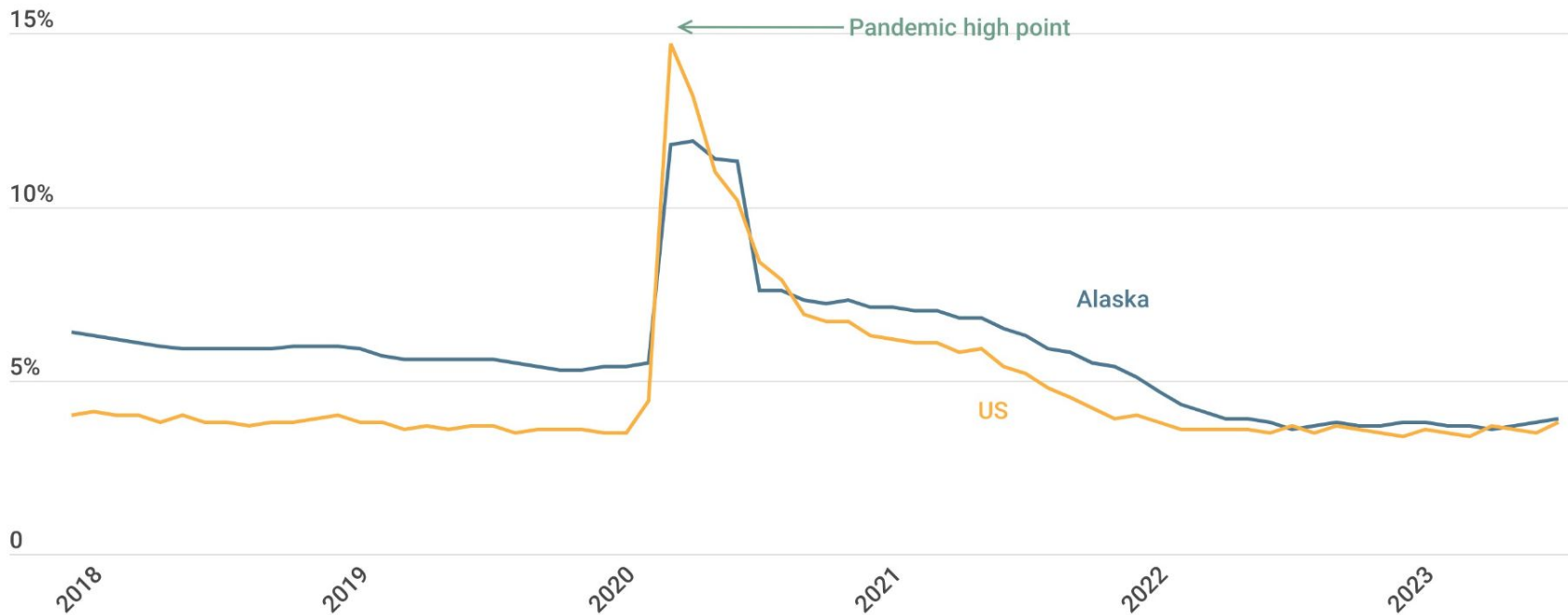
Employment in the US and Alaska, indexed to January 2015



# Unemployment is lower than before the pandemic

## Unemployment in the US and Alaska

20%



Source: BLS

- Alaska's August unemployment rate was 3.9% the **lowest rate ever recorded!**
- US unemployment is 3.8%, near a 60-year low
- Opportunities for job seekers have seldom been better





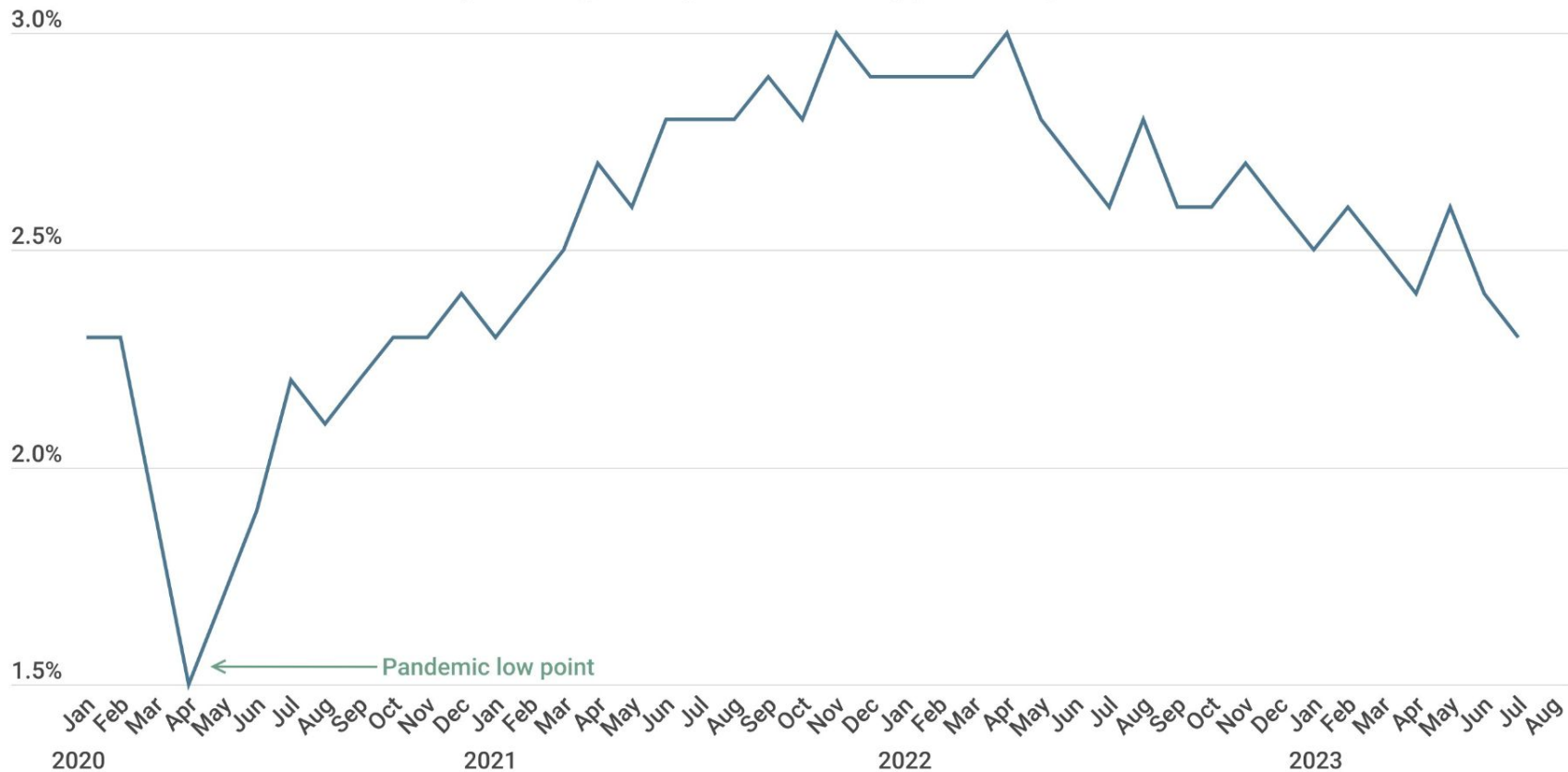
# Job Openings

Number of available unfilled jobs in the US.



# The Great ~~Resignation~~ Reshuffling

Percent of workers voluntarily leaving their job in the US (quits rate).



# Coming or going?

Net migration to/from Alaska.

10,000

5,000

0

-5,000

-10,000

2009-10

2010-11

2011-12

2012-13

2013-14

2014-15

2015-16

2016-17

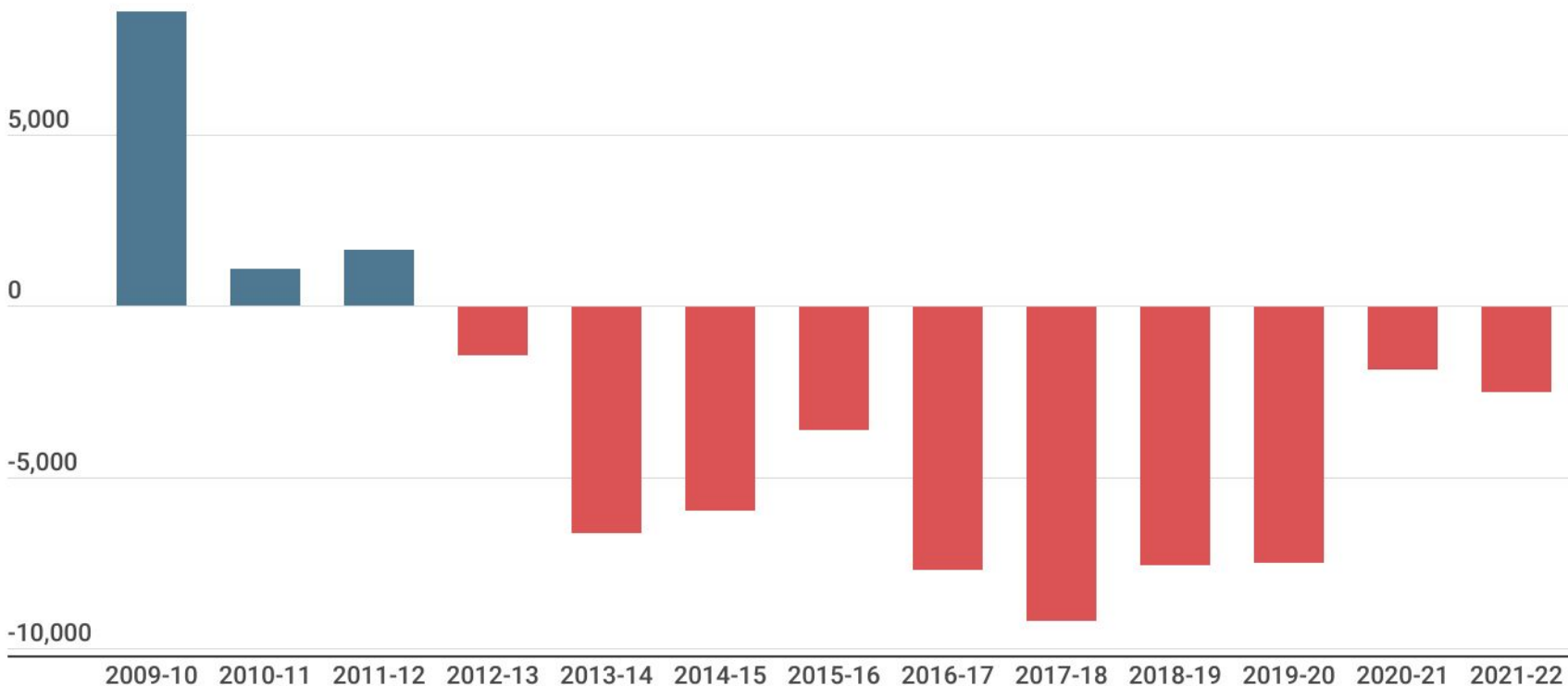
2017-18

2018-19

2019-20

2020-21

2021-22



## Age Group

## Change since 2012

Under 18

-4.1%



Age Group	Change since 2012
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Under 18	-4.1%
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18-24	-16.8%
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Age Group	Change since 2012
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Under 18	-4.1%
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18-24	-16.8%
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25-54	-5.7%
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Age Group	Population Change 2012-2022
Under 18	-4.1%
18-24	-16.8%
25-54	-5.7%
Over 54	+27.7%



- Early retirements
- Decline in immigration and guest worker visas
- Lack of child care access
- Increase in entrepreneurship
- High levels of savings





- People move in response to the job market, but...
- Economic growth is harder without a labor force
- Places that attract people have an advantage

Site Selection Factors	2022	2021
Ranking		
1. Labor costs	89.1	96.4 (1)**
2. Quality-of-life	87.1	82.1 (11T)
3. Availability of skilled labor	85.8	94.9 (2)
4. Energy availability	82.3	94.7 (3)
5. Construction costs	81.2	82.1 (11T)
6. ICT/broadband	80.7	36.8 (26)
7. Corporate tax rate	79.7	87.7 (7)
8. Energy costs	79.4	N/A
9. Environmental regulations	79.0	82.5 (9)
10. Available land	78.1	62.5 (19)

Source: Area Development Magazine, national survey 2022

# Housing: demand is high, supply is low

Prices 

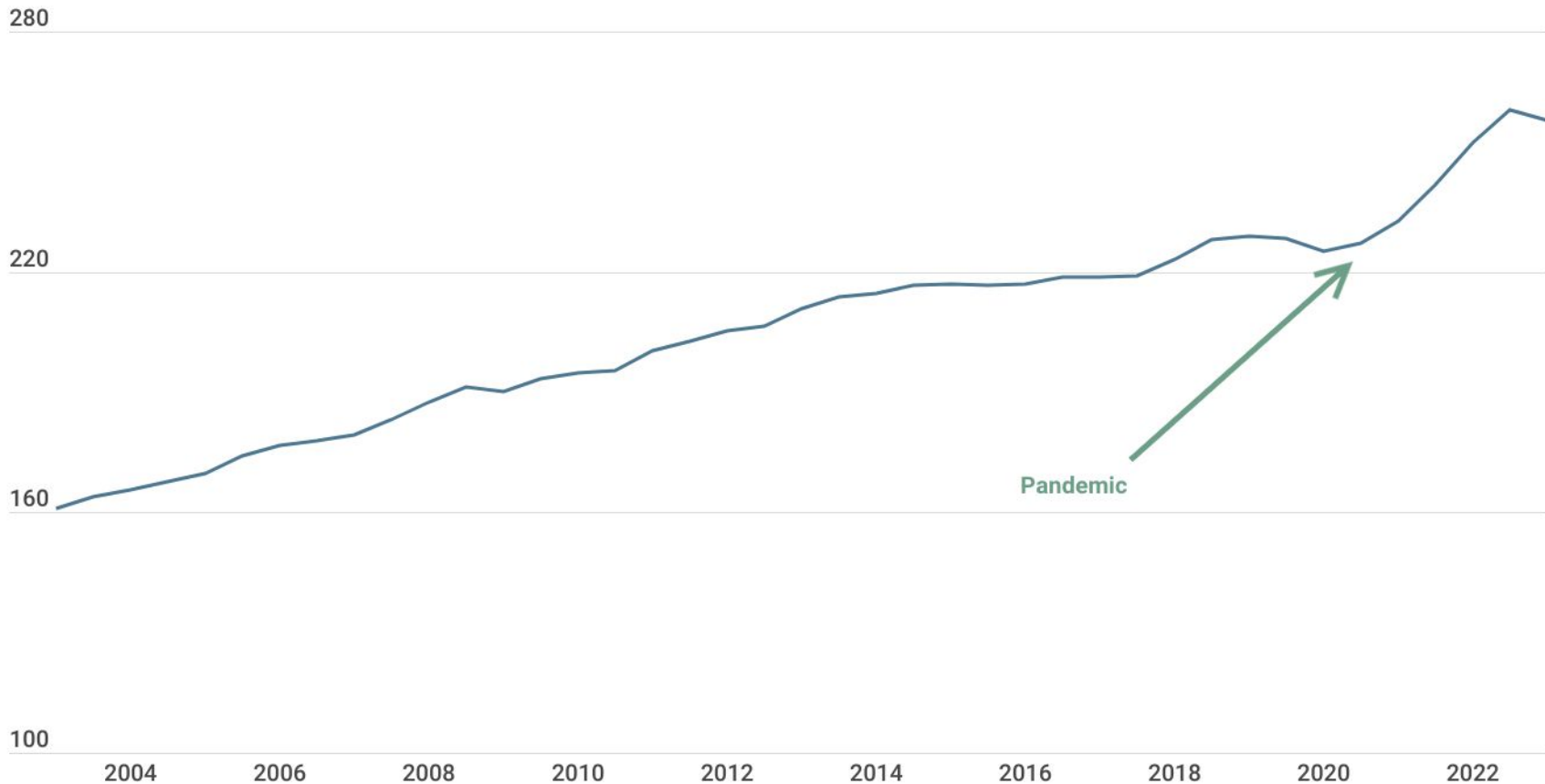


Supply 



# Everything is so expensive

Consumer Price Index for All Urban Consumers in Alaska, 2003 to 2023



Source: FRED

- High interest rates reduce inflation...but can increase unemployment
- Widespread predictions of recession in 2022
- Yet indicators in 2023 look positive





# Thank You!



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