

UNEMPLOYMENT CLAIMS IN 2016

Who applied and how the oil downturn has affected industries

By **LENNON WELLER**

The number of people who collected Alaska unemployment insurance benefits rose 2.1 percent in 2016, with most of the increase in the first half of the year.

Claimants were up in all regions except Southeast and Anchorage/Mat-Su. (See exhibits 1 and 2.) The largest increases in the state were in Southwest, especially in Bethel.

Interstate claimants, or those who worked in Alaska but filed from outside the state, were up by 24 percent. They represented just over a quarter of all claimants in 2016, up from 21 percent the previous year.

Claims up in all months but two

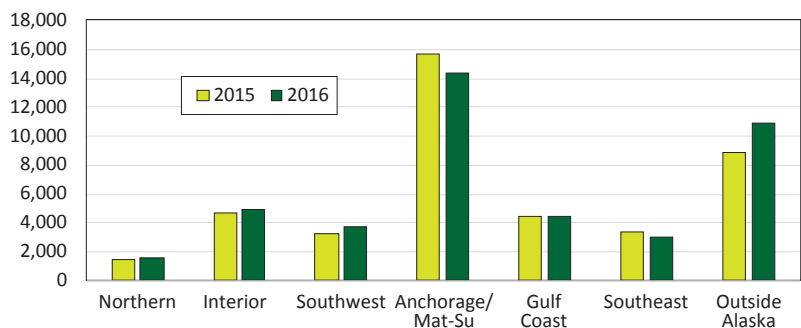
On a monthly basis, claimant counts were up in most months of 2016 compared to the year before, but May and November were lower than the same months in 2015. (See Exhibit 3.)

May's lower total was due to small drops in claims in a number of industries from the prior May, primarily food manufacturing, construction, health care, and public administration.

November's total reflects a decline in claimants from the oil and gas industry, likely because much of the job loss in that industry had already happened and its

1 Number of Claims Per Region

ALASKA, 2015 AND 2016



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

The total paid out in benefits in 2016 was \$136 million, up from \$123.5 million in 2015.

The average weekly benefit payment was \$273.40, up from \$261.70.

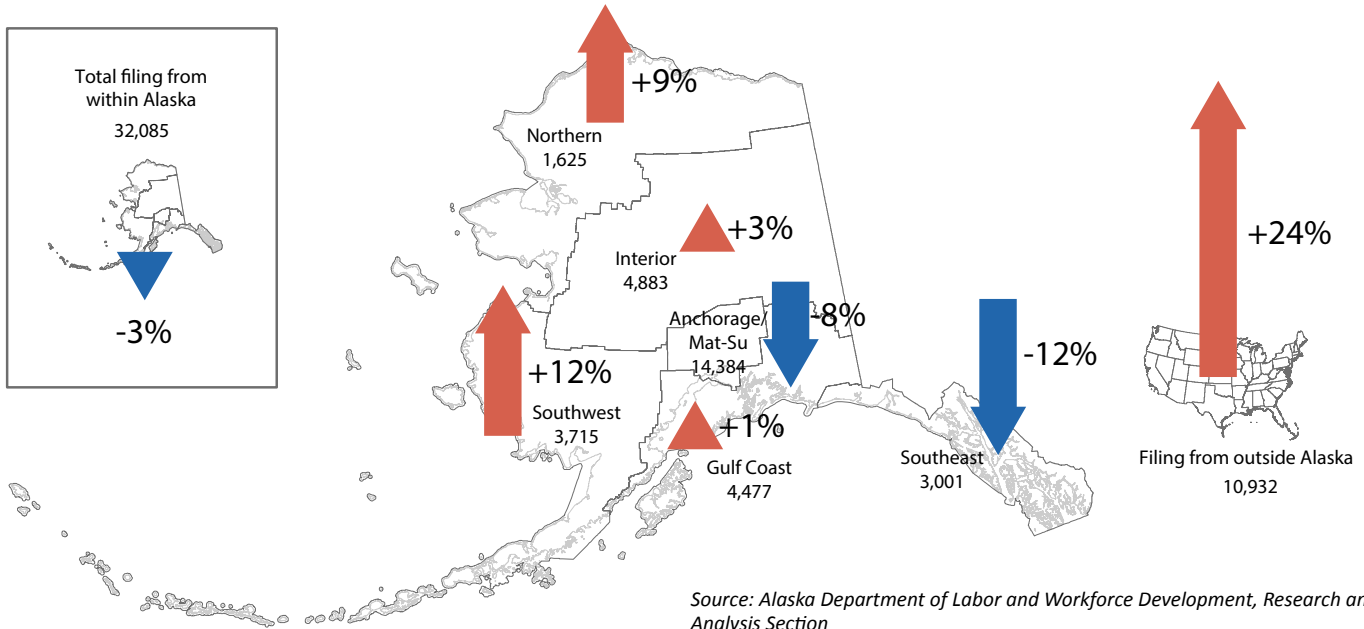
The average duration of benefits was 14 weeks, up from 13.6.

initial wave of claims had begun to subside.

The biggest monthly change from 2015 was April, when 1,849 more people filed than the April before. This was mainly due to oil industry layoffs that began in June 2015. In April 2015, before the layoffs began, 506

2 Percent Change in Total Claimants by Region

CHANGE FROM 2015 TO 2016, AND TOTAL BY ALASKA REGION



oil and gas workers collected benefits. In April of 2016, the number was two-and-a-half times higher (1,467).

Rise began in the oil industry

Oil and gas had the largest claims increase for the second year in a row, with claimants up 49 percent. (See exhibits 4 and 5.)

While the increase in claims began with the oil and gas industry in 2015, claims were up in most sectors by mid-to-late 2016 as the downturn brought on by sharply declining oil prices spread into the broader economy.

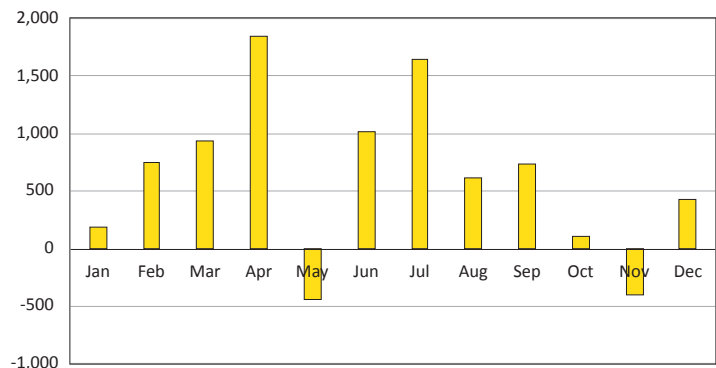
Other industries with notable increases included construction, professional and business services, restaurants and bars, and trade, all tied to the oil industry downturn. Combined, these four other sectors' claims were up 4 percent from 2015.

Construction has seasonal swings

Although the increase was less sharp for the construction industry, its claims began to rise in August of 2015 and peaked nine months later, around the

3 Monthly Change From Prior Year

ALASKA, 2016 CLAIMANTS COMPARED TO 2015



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

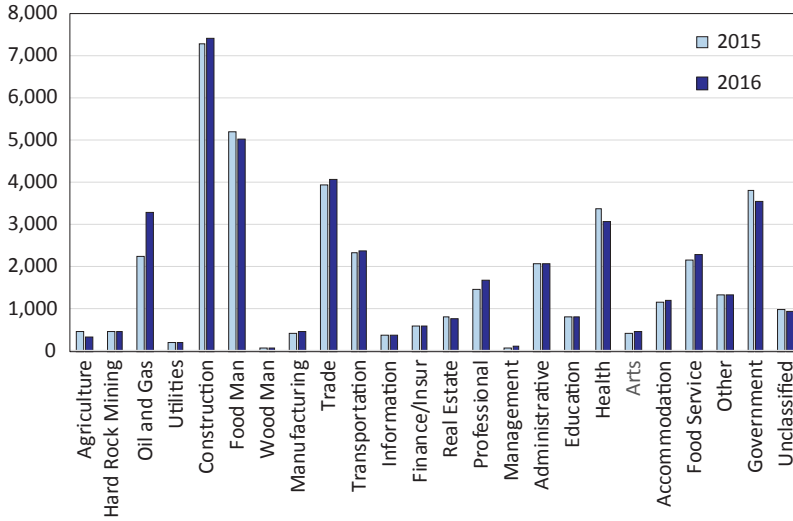
same time as oil and gas.

However, the construction industry is heavily seasonal, so its claims tend to be significant even in relatively strong economic years. The most recent year was no exception, with the number of construction industry claimants peaking in March and April of 2016 and bottoming out in July and August. Still, the fact that

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Total Claimants by Industry

ALASKA, 2015 AND 2016



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

April 2016's claims were up from the prior April shows the rise wasn't entirely seasonal, reflecting a downturn in the economy.

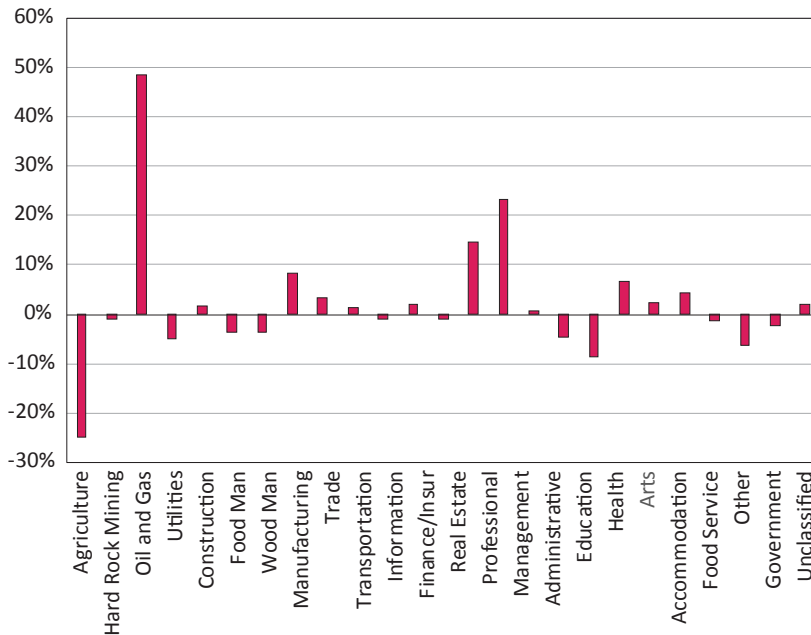
Services affected by less demand

Another industry closely tied to oil and gas is professional and business services, which provides detailed technical work to the oil extraction industry. These claimants don't typically represent more than 3 percent of the total in any given month, but they reached 5.1 percent in July 2016. Some of that increase was because certain projects wound down, but it was also due to a general lack of demand.

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Change in Industry Claims

PERCENT CHANGE FROM 2015 TO 2016



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

Late 2016 shows shift in industries

Claims from these three industries appear to be subsiding. The increase in claims has shifted toward the trade and the leisure and hospitality industries, as these industries' claims increased the most in the latter half of 2016.

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