

How the U.S. Economy Affects Our Migration

Migration patterns during modern U.S. and Alaska recessions

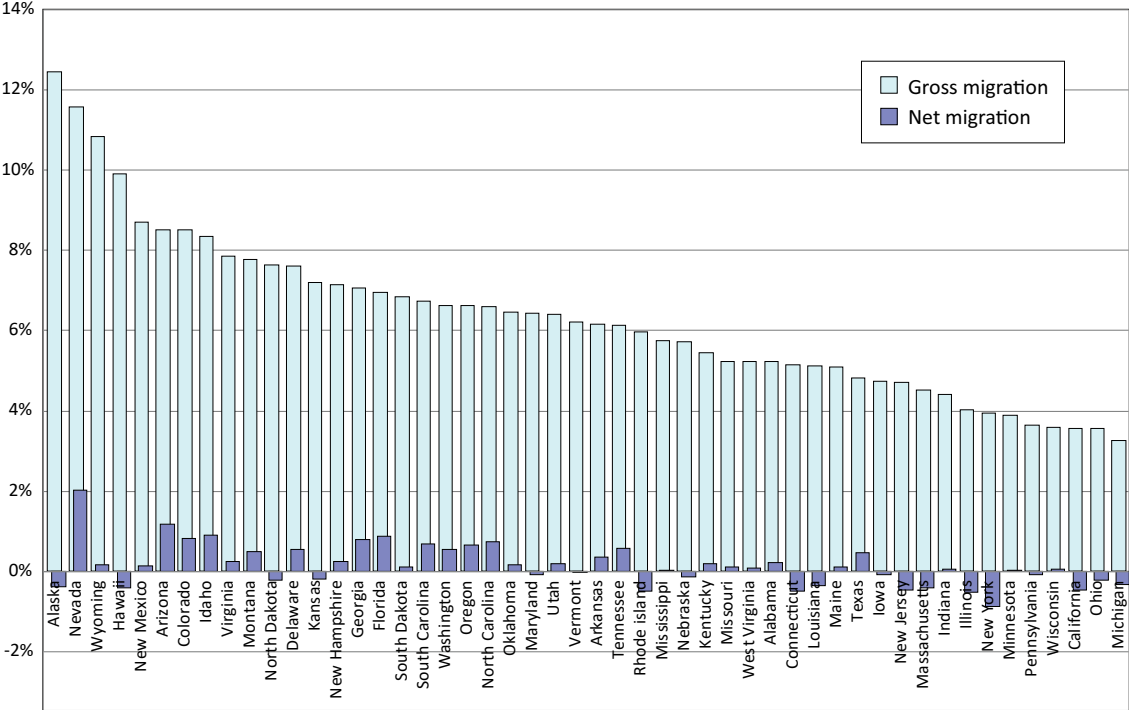
By **NEAL FRIED**

In the June 2009 and October 2015 issues of *Alaska Economic Trends*, we wrote about how the national economy can affect the numbers of people moving to and from Alaska. The nation was in a deep recession in 2009, so we asked whether that downturn, like so many in the past, would change Alaska’s migration patterns. The answer was yes, and we revisit-

ed the results in 2015 after the national economy had regained its strength.

The data conformed with historical patterns: Fewer people leave Alaska and more people move here during national recessions. Alaska’s net migration — the number of in-migrants minus the number of out-migrants — has consistently turned from negative to positive or became more positive when the national economy struggled.

1 Average Yearly Gross and Net Migration* Rates by State AS A PERCENT OF STATE’S TOTAL POPULATION, 1990 TO 2016



*Gross migration is the sum of all movers in both directions. Net migration is the number in minus the number out.
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

In 20 of the 23 years since 1975 that Alaska has lost more people to migration than we've gained, the national unemployment rate has also been below its long term historical rate of 6.4 percent.

2 Alaska Migration and the U.S. Unemployment Rate 1975 to 2018

We're revisiting this topic a third time, but under the opposite circumstances. When we followed up in 2015, oil prices were falling and Alaska's economy was shaky, but we hadn't yet entered the state recession that lasted at least through late 2018. Now we're looking at the roles the state's recent recession and a booming U.S. economy played in our record six-year streak of migration losses.

Large yearly migration flows both ways are the norm for Alaska

Large numbers of people moving both in and out are the norm for Alaska. Each year during the past decade, about 40,000 to 50,000 people moved both to and from the state, regardless of economic conditions.

The total number of movers both in and out is called gross migration, and Alaska has long had the highest gross migration rates in the country. This is due to a number of factors, including Alaska's large military presence, industry mix, isolation, and weather. (See Exhibit 1.)

State's migration losses began before the U.S. recession

The nation's most recent recession, the Great Recession, began in late 2007 and officially ended in 2009, although economic recovery took much longer. National employment didn't regain its pre-recession levels until 2014, and the U.S. unemployment rate remained at 9 percent or higher in 2009 and 2010.

The rate didn't fall below 8 percent until 2013, when it dropped to 7.4 percent. By 2014, the U.S. unemployment rate had fallen below the historical long-term average of 6.4 percent. Job levels also hit a record in 2014 and reached new highs each year thereafter.

In 2010, during the immediate aftermath of the national recession, the state's net migration gain was 8,490, which was the highest number recorded since 1985. The state continued to gain slightly more people than it lost through 2012.

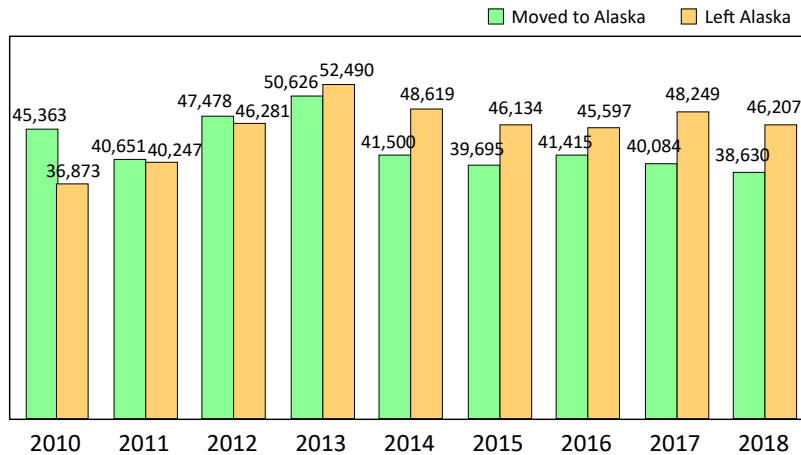
Alaska's net migration turned slightly negative in 2013, and between July 2013 and July 2014, 7,119 more people

Year	Alaska net migration	U.S. rate, unemployment	
1975	30,222	8.5%	
1976	19,576	7.7%	
1977	1,637	7.1%	
1978	-13,414	6.1%	Low national unemployment
1979	-5,289	5.8%	
1980	-1,629	7.1%	
1981	6,326	7.6%	
1982	20,992	9.7%	
1983	24,934	9.6%	
1984	14,526	7.5%	
1985	9,206	7.2%	
1986	-3,646	7.0%	
1987	-19,245	6.2%	Low national unemployment
1988	-15,710	5.5%	
1989	-5,480	5.3%	
1990	4,637	5.6%	
1991	6,310	6.8%	
1992	8,138	7.5%	
1993	1,314	6.9%	
1994	-4,840	6.1%	Low national unemployment
1995	-6,980	5.6%	
1996	-3,741	5.4%	
1997	-3,001	4.9%	
1998	145	4.5%	
1999	-2,337	4.2%	
2000	-927	4.0%	
2001	-2,676	4.7%	
2002	2,196	5.8%	
2003	819	6.0%	
2004	2,948	5.5%	
2005	292	5.1%	
2006	-56	4.6%	
2007	-2,023	4.6%	
2008	-1,111	5.8%	
2009	3,009	9.3%	
2010	8,490	9.6%	
2011	404	8.9%	
2012	1,197	8.1%	
2013	-1,864	7.4%	
2014	-7,119	6.2%	
2015	-6,439	5.3%	Low national unemployment
2016	-4,182	4.9%	
2017	-8,165	4.4%	
2018	-7,577	3.9%	

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

3 More Moving Out Than In

ALASKA IN-MIGRATION AND OUT-MIGRATION, 2010 TO 2018



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

left the state than moved in: the largest net migration loss in 26 years. (See Exhibit 2.) Alaska wasn't in a recession, though, and oil prices remained at near-historic highs through the first half of 2014.

But while Alaska's economic conditions hadn't changed noticeably, the nation's had. By then, the national unemployment rate had fallen below its historical average and U.S. employment was in its fourth year of expansion.

One explanation for the high out-migration from Alaska in 2013 and 2014 is the release of pent-up demand to leave during the years of persistently poor prospects in the Lower 48. In other words, those people likely would have left earlier if they could have.

It's clear the strong national economy was a driving factor, given that the state's recession didn't begin until Alaska had already sustained three straight years of negative net migration.

... and persisted during the state's recession

Alaska's high out-migration continued in 2015, and the state entered a recession later that year. Net migration losses persisted through the recession, and by 2017, the stretch of net migration loss had become the longest in Alaska's history, although not the worst, as more people left in the late 1980s.

Net migration fell to -8,165 in 2017, the largest net loss since 1988. It was also the first time since 1988

that Alaska's total population declined. Natural increase was no longer able to offset migration losses in 2017 and 2018.

Loss likely to continue while U.S. economy booms

Alaska's continuous net migration loss makes sense given that the nation's economic expansion has hit a record length and the U.S. unemployment rate has fallen to a near-50-year low.

Another factor is that job markets have improved markedly in the three states that share the most movers in both directions with Alaska: Washington, California, and Texas. Unemployment rates in California and Washington hit double digits during the Great Recession but have now fallen below 5 percent. Texas' rate never rose that much but is now below 4 percent.

Alaska's recession exacerbated the depth and length of this stretch of negative net migration as well, as it's given residents additional reasons to leave and has attracted fewer new residents to balance out the loss.

Although employment data suggest the state's recession has ended, negative net migration will likely persist in 2019 and possibly longer, depending on how long the U.S. economy stays strong and on the relative health of the Alaska economy.

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