



## State's 21-year growth streak forecasted to end in 2009

By Dan Robinson, Economist

Alaska's average monthly job count grew by 2,400 in 2008, an increase of 0.7 percent. It was the state's 21<sup>st</sup> consecutive year of growth, a streak only four other states can match or exceed.<sup>1</sup>

But the nation and world are in economic turmoil heading into 2009 and there are more questions than answers about how Alaska will be affected. The 2009 forecast is for a loss of 700 jobs<sup>2</sup> (see Exhibits 1 and 2), a number that reflects two conclusions. The first is that Alaska will not completely escape an economic storm that looks like it will get worse before it gets better. The second is that the state is in a relatively strong position to weather it.

### An unusually severe national recession

Over the last 21 years, Alaska has grown through two national recessions without serious disruption to its own economy. That's not to say that the 1990-1991 and 2001 recessions didn't have an effect on Alaska, but the state's resource-

<sup>1</sup> The four other states are Montana, New Mexico, North Dakota and Wyoming.

<sup>2</sup> All job counts referred to in these 2009 forecast articles are monthly averages for the specified years. No distinction is made between full-time and part-time jobs.

based economy was strong enough and young enough in its development to continue recording job growth even as the nation saw net losses of between 1 percent and 2 percent.

For several reasons, though, the current recession, which has been given an official starting point of December 2007,<sup>3</sup> presents more of a threat. First is its severity. December's national job loss of half a million brought total losses in 2008 to 2.6 million, with more than 1 million coming in the last two months.

There's little doubt that the depth and breadth of the current recession will make it the worst since at least the 1981 downturn, the key point being that despite already significant job losses, there are no clear signs yet that the economy has hit bottom and begun to rebound.

A second reason the current national recession and global economic slowdown is likely to have a sizeable impact on Alaska is because of the havoc it is wreaking on oil prices. In July, oil was nearly \$150 a barrel; by December it had fallen below \$30.

Looking ahead to 2009, the U.S. Department of Energy has forecasted that oil demand will fall for the second year in a row, the first time in 30 years that's happened. Presumably, the decline in demand will keep prices relatively low, but considering 2008's unprecedented volatility, it's impossible to forecast with any certainty the level at which prices will eventually stabilize.

Alaska is also in a more vulnerable position heading into 2009 than it was during the last few recessions. Growth in retail trade, health

<sup>3</sup> The National Bureau of Economic Research, a private group of economists charged with dating the start and end of national economic downturns, announced the December 2007 starting point in December 2008. It typically takes as long as a year to declare that a recession has started because of the lag in the availability of final economic data.

care and other support-sector industries has slowed in the last few years after providing the bulk of the state's new jobs for most of the last two decades. The construction industry, another source of strong growth for much of the 1990s and the first half of the 2000s, has had a falling job count for three years in a row.

### Stability – but little growth – expected from the oil industry

By one estimate, the oil and gas industry generates – directly and indirectly – about a third of all Alaska jobs.<sup>4</sup> In just three years, from 2005 to 2008, the industry's direct job count has grown by 44 percent, an increase of 3,800 jobs. Some of the early growth was due to a 2006 oil leak in the Prudhoe Bay transit pipeline system controlled by BP and the subsequent discovery that miles of the pipeline were badly corroded and in need of repair.

But high oil prices and limited world oil supplies also triggered new exploration and development activity and, despite ongoing declines in production, employment reached an all-time high of 12,500 jobs in 2008.

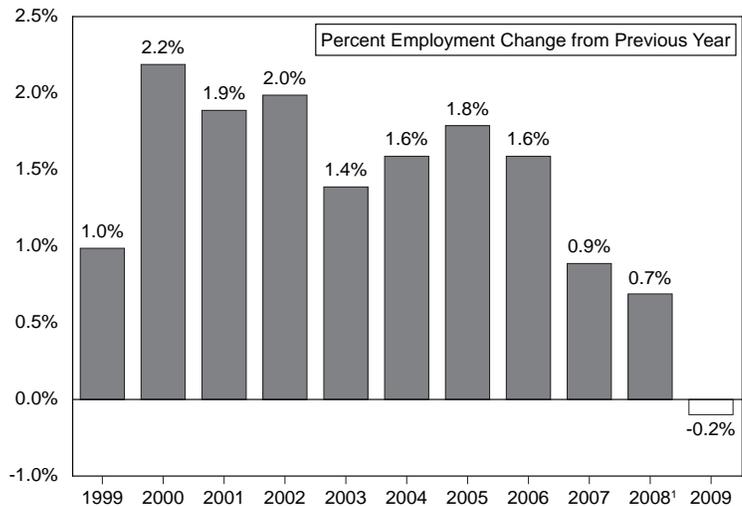
In fact, most of the state's job growth over the last three years is attributable to oil's resurgence. Nearly 40 percent of total job gains came directly from oil and gas. Much of the rest could be indirectly attributed to the industry, considering its high wages, dominant contributions to tax revenue, and the spin-off benefits to construction, transportation and engineering companies, among others.

Historically, oil and gas employment has been slow to respond to price changes. It took nearly four years of rising oil prices, for example, before the industry's job count started growing by significant amounts in 2006. Alaska projects in particular require significant investment and planning, and long-term price projections have more influence on industry activity than short-term fluctuations.

<sup>4</sup> Scott Goldsmith, "What Drives the Alaska Economy?," *Understanding Alaska Research Summary No. 13* (December 2008), Institute of Social and Economic Research, University of Alaska Anchorage

## Small Losses Forecasted in 2009

### Statewide employment growth, 1999 to 2009



<sup>1</sup> Preliminary estimate

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

The assumption of this forecast is that the recent plunge in prices will have only a moderate effect on employment levels. That's an assumption that looks shakier the longer prices stay low and the longer the global economy takes to rebound. The companies themselves have announced that a number of projects are being deferred partly as a result of low oil prices. Overall, there's an increasingly conservative outlook for 2009, though no talk yet of layoffs or large project cancellations.

### Some silver lining for federal spending

In terms of its total influence on Alaska's economy, the only serious challenger to oil is the federal government, which spent \$9.4 billion on Alaska in 2007,<sup>5</sup> or \$13,721 for every Alaska resident. That's more per-capita than for any other state except Virginia and 65 percent more than the U.S. average of \$8,339.

Although \$9.4 billion is a lot of money, it's only a small increase over 2006's number, which was actually down a little from 2005. By comparison, the 1.6 percent growth for Alaska over those two years is dwarfed by the 12 percent

<sup>5</sup> Federal fiscal year 2007 was from Oct. 1, 2006, to Sept. 30, 2007.

# 2 Statewide Wage and Salary Employment Forecast for 2009

|  |                            |   |                           |                                      | Forecast                   |                           |                                      |
|--|----------------------------|---|---------------------------|--------------------------------------|----------------------------|---------------------------|--------------------------------------|
|  | 2007<br>Monthly<br>Average | 2008<br>Monthly<br>Average <sup>1</sup> | Change<br>2007 to<br>2008 | Percent<br>Change<br>2007 to<br>2008 | 2009<br>Monthly<br>Average | Change<br>2008 to<br>2009 | Percent<br>Change<br>2008 to<br>2009 |
| Total Nonfarm Wage and Salary <sup>2</sup>   | 317,600                    | 319,900                                 | 2,300                     | 0.7%                                 | 319,200                    | -700                      | -0.2%                                |
| Goods-Producing <sup>3</sup>                 | 44,500                     | 44,900                                  | 400                       | 0.9%                                 | 44,500                     | -400                      | -0.9%                                |
| Service-Providing <sup>4</sup>               | 273,100                    | 275,000                                 | 1,900                     | 0.7%                                 | 274,700                    | -300                      | 0.1%                                 |
| Natural Resources and Mining                 | 13,900                     | 15,000                                  | 1,100                     | 7.9%                                 | 15,100                     | 100                       | 0.7%                                 |
| Oil and Gas Extraction                       | 11,500                     | 12,500                                  | 1,000                     | 8.7%                                 | 12,700                     | 200                       | 1.7%                                 |
| Construction                                 | 17,500                     | 17,100                                  | -400                      | -2.3%                                | 16,700                     | -400                      | -2.3%                                |
| Manufacturing                                | 13,100                     | 12,800                                  | -300                      | -2.3%                                | 12,700                     | -100                      | -0.8%                                |
| Seafood Processing                           | 9,100                      | 8,900                                   | -200                      | -2.2%                                | 8,800                      | -100                      | -1.1%                                |
| Trade, Transportation and Utilities          | 64,000                     | 64,300                                  | 300                       | 0.5%                                 | 64,300                     | 0                         | 0.0%                                 |
| Wholesale Trade                              | 6,500                      | 6,500                                   | 0                         | 0.0%                                 | 6,500                      | 0                         | 0.0%                                 |
| Retail Trade                                 | 36,000                     | 36,300                                  | 300                       | 0.8%                                 | 36,300                     | 0                         | 0.0%                                 |
| Transportation, Warehousing and Utilities    | 21,500                     | 21,500                                  | 0                         | 0.0%                                 | 21,500                     | 0                         | 0.0%                                 |
| Information                                  | 6,900                      | 6,900                                   | 0                         | 0.0%                                 | 6,800                      | -100                      | -1.4%                                |
| Financial Activities                         | 15,000                     | 14,900                                  | -100                      | -0.7%                                | 14,700                     | -200                      | -1.3%                                |
| Professional and Business Services           | 25,000                     | 25,500                                  | 500                       | 2.0%                                 | 25,600                     | 100                       | 0.4%                                 |
| Educational <sup>5</sup> and Health Services | 36,900                     | 37,300                                  | 400                       | 1.1%                                 | 37,600                     | 300                       | 0.8%                                 |
| Health Care                                  | 26,700                     | 27,000                                  | 300                       | 1.1%                                 | 27,200                     | 200                       | 0.7%                                 |
| Leisure and Hospitality                      | 32,000                     | 32,100                                  | 100                       | 0.3%                                 | 31,800                     | -300                      | -0.9%                                |
| Other Services                               | 11,600                     | 11,600                                  | 0                         | 0.0%                                 | 11,500                     | -100                      | -0.9%                                |
| Government                                   | 81,700                     | 82,400                                  | 700                       | 0.9%                                 | 82,400                     | 0                         | 0.0%                                 |
| Federal Government <sup>6</sup>              | 16,800                     | 16,700                                  | -100                      | -0.6%                                | 16,700                     | 0                         | 0.0%                                 |
| State Government <sup>7</sup>                | 24,700                     | 24,900                                  | 200                       | 0.8%                                 | 24,900                     | 0                         | 0.0%                                 |
| Local Government <sup>8</sup>                | 40,200                     | 40,800                                  | 600                       | 1.5%                                 | 40,800                     | 0                         | 0.0%                                 |

<sup>1</sup> Preliminary estimates

<sup>2</sup> Excludes self-employed workers, fishermen, domestic workers, unpaid family workers and nonprofit volunteers

<sup>3</sup> Goods-producing sectors include natural resources and mining, construction and manufacturing.

<sup>4</sup> Service-providing sectors include all others not listed as goods-producing sectors.

<sup>5</sup> Private education only

<sup>6</sup> Excludes uniformed military

<sup>7</sup> Includes the University of Alaska

<sup>8</sup> Includes public school systems

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

increase in federal spending for the country as a whole.

Another comparison is also telling: from 1998 to 2005, federal spending in Alaska grew at an average rate of 10 percent; over the last two years it has grown at an average rate of less than 1 percent. For a variety of reasons – some of them political and some of them budgetary – the slower growth has been expected, but the effect on the state's economy will be like shifting one of its two main engines from drive into neutral.

In 2009, though, a temporary boost in the form of a federal economic stimulus package looks likely. President Obama has proposed a

sub-prime loans than the national average and also saw a significantly smaller percentage of the sub-prime loans they did make become delinquent or enter foreclosure. In the first quarter of 2008, 17 percent of sub-prime loans were delinquent nationally and another 11 percent were in foreclosure. For Alaska, just 8 percent of sub-prime loans were delinquent and less than 3 percent had entered foreclosure over the same period.

Similarly, although Alaska housing prices rose at a brisk rate during the late 1990s and early 2000s, the increases were tame compared to those in parts of Florida, California and Nevada. Consequently, Alaska housing prices generally

massive investment in stimulating the economy and creating jobs, some form of which Congress seems disposed to pass. The package will likely include money for infrastructure and energy projects and appears to be on a fast-track since there's broad consensus that for an economic stimulus package to work, the money has to get into the system sooner rather than later.

## Less excess should equal a smaller hangover

In a few key ways, Alaska was in a good position to avoid the job losses associated with the recession because some of its key industries and markets didn't indulge in the excesses that have led to painful corrections in other parts of the country.

Alaska banks and mortgage lenders made a smaller percentage of

have fallen only modestly or, in much of the state, simply flattened out.

### **Some industries more sensitive to recession and outside markets**

Reckless mortgage lending and trading in mortgage-backed securities may have been the starting point of the current recession, but the pain has spread far beyond the banking and financial industries. Consumers worldwide are curtailing spending, and the production of a wide variety of goods and services has slowed.

In Alaska, the fall in oil prices is perhaps the most visible reminder of the state's connection to the broader national and international economies, but commodity prices also fell dramatically in 2008, which will at least temporarily slow growth in the state's metal mining industry.

### **A rough year for tourism**

The 2009 summer tourism season will also take a hit from both domestic and international markets unless signs of a recovery start appearing soon. Advance bookings for cruises are way down and the Alaska Travel Industry Association and the Alaska Cruise Association have both announced that they expect a downturn in tourism spending in 2009.

Alaska cruises are available at steep discounts – less than \$500 for a seven-day package on some cruise lines – and the cruise industry expects to use discounted prices to match the 1 million visitors who came in 2008. But even if the numbers don't fall off, bargain-hunting passengers are less inclined to spend additional money on chartered fishing trips, helicopter tours, or Alaska art and souvenirs.

### **Construction still waiting for a rebound**

The construction industry can expect public spending to mitigate losses caused by a slow residential and commercial market and a conservative approach in the oil and metal mining industries. Military construction, an often overlooked piece of the state's economy, was down from more than \$500 million in 2007 to \$280

million in 2008. A modest increase to 2008 spending levels has been approved by Congress for 2009. An economic stimulus package that focuses on infrastructure would also help buoy construction's job count.

### **Health care and seafood processing will be relative bright spots**

Growth in health care jobs has slowed in the last three years and modest growth is forecasted to continue in 2009. Health care expenses are less discretionary than most household expenditures and, nationwide, health care is one of only a few industries that is still expanding.

Food-related industries are also generally resistant to economic downturns, especially foods that are considered staples rather than luxury goods. Alaska's large and important fishing and seafood processing industries are expected to sustain 2008 employment levels and provide a stabilizing influence on the economy.

### **State government savings will help cushion losses**

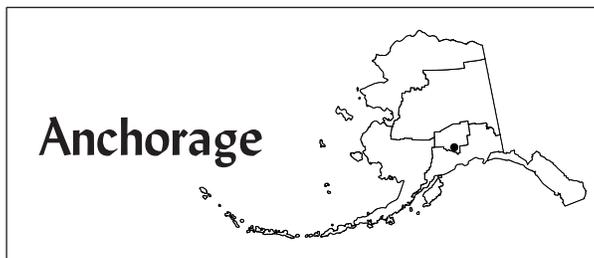
Alaska has two main advantages over much of the rest of the country headed into 2009. First is a resource-based economy that continued to add jobs during the first year of what looks to be an extended economic downturn for the country and much of the world. Second is a state government that can draw on impressively large savings accounts, if necessary, to provide a stabilizing influence on the economy.

At least 41 states are facing budget deficits in fiscal year 2009.<sup>6</sup> Some, including California, Arizona and Georgia, have deficits that are more than 10 percent of their 2009 general fund budgets. Unlike the federal government, states can't generally run deficits or borrow to cover their operating expenditures. That means they have to use reserves – something most states have in very limited supply – or cut expenditures or raise taxes. The latter two options are often bitter pills for an already struggling economy to swallow.

<sup>6</sup> Most states, including Alaska, have fiscal years that begin on July 1 and end on June 30. For those states, fiscal year 2009 began on July 1, 2008.

As reserves go, Alaska is in a league of its own as a result of its mineral wealth. Recent high oil prices have allowed the state to replenish key savings accounts, most notably the Constitutional Budget Reserve, which had a balance of \$6.2 billion in December 2008. That amount, plus about \$1 billion in another savings account called the Statutory Budget Reserve, gives Alaska significantly more flexibility than other states have when faced with budget deficits.

In the end, though, it's not expected to be quite enough to prevent job losses in 2009 and the end of a 21-year growth streak.



## It's getting harder to sustain growth

By Neal Fried, Economist

These are unsettling times to say the least. A forecast in this environment is a bigger crapshoot than usual. Yes, most of the bad economic news seems to be happening elsewhere and Alaskans are just observers but that would be far too simple an observation.

There's little doubt that the national and international economic slowdown and uncertainty will be felt in Anchorage and in the rest of the state. We don't operate in a vacuum. Beyond everyone's 401(k)s, the Alaska Permanent Fund and other investments, there could be fallout in the state's broader industries.

There's little doubt the worldwide economic slowdown will be felt by the visitor, oil, international cargo and mining industries. The loss of confidence among the nation's consumers could infect local consumer behavior. The ballooning federal deficit could put further

downward pressure on the state's federal sector. And steep increases in the national unemployment rate will be felt here. Some of the fallout is already in the offing: lower prices for oil, gold, zinc and other commodities. In this ever-changing economic landscape, only time will bring true clarity.

With all that said, Anchorage could squeak by in 2009 and make it to 21 years of uninterrupted employment growth. But that would take some doing and luck. It could also be the first year that Anchorage's employment fails to grow. Materially, the difference between slight gains or small losses is zero.

Large swings in Anchorage's employment aren't forecasted for 2009. Marginal numbers aren't new – the number of Anchorage's jobs in 2008 grew by less than 1 percent. (See Exhibit 3.) There were no big negatives in 2008 and one big positive – oil industry employment.

The opening up of a slew of new retailers could stave off declines in the retail industry. Continued increases in military troop levels will be another plus, although the recent announcement of the deployment of troops in February may more than negate these gains, temporarily.

The confidence of local consumers is another big question with no answer.

With all that in mind, most industries in Anchorage are forecasted to not move much from their existing employment levels. (See Exhibit 4.) All said, if this forecast hits close to the mark, 2009 won't go down as a bad year for Anchorage. It should also provide a much prettier picture for Anchorage than the nation.

### The oil patch could lose some loft in 2009

The North Slope has been host to a record-size work force in the last two years, and since Anchorage is the headquarters city for Alaska's oil industry, it's been good for Anchorage. But much lower oil prices will probably put an end

to the growth streak. Despite that, employment is forecasted to remain above historical levels.

Both BP Alaska and ConocoPhillips plan to sustain their current employment levels in 2009. Many of their existing projects will simply continue through 2009 and activity tied to the development of the gas pipeline could provide some additional boost to the oil and gas sector.

ConocoPhillips is continuing to develop a number of satellite fields around Alpine and expand its West Sak heavy oil project. BP, also deeply involved in heavy oil activity, is launching its \$1.5 billion Liberty project that will drill from an existing offshore oil pad to six miles offshore. BP officials hope Liberty is producing oil by 2011.

The story on the independents and other new players is mixed. For example, the Italian firm Eni will begin developing its Nikaitchuq offshore prospect, which is near Oooguruk and is a similar project. Eni plans to spend nearly \$1.5 billion drilling 70 wells, with production beginning in late 2009.

Shell Oil officials had hoped to drill wells in the Beaufort Sea in 2009 but recently canceled their plans due to legal problems.

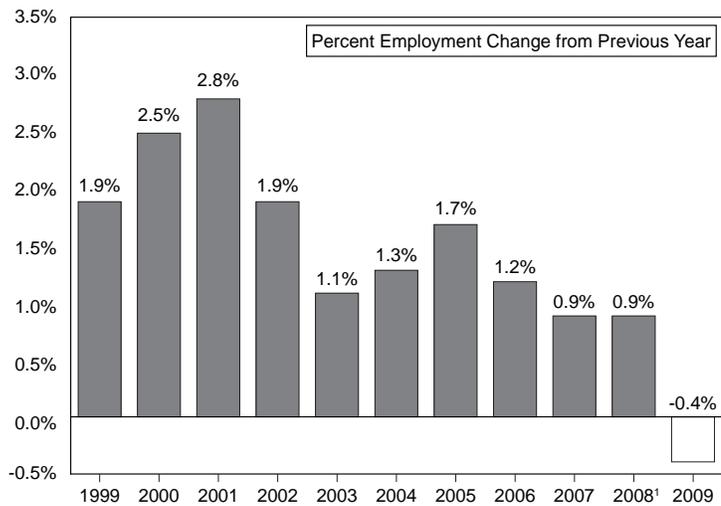
Other companies have exploration plans for the next two years, which is good news for Anchorage. Although relatively modest, both the Canadian pipeline company TransCanada and Denali – a BP/ConocoPhillips joint venture – plan on ramping up natural gas pipeline activity in 2009 by hiring employees and contractors. No firm numbers have been announced.

### Construction will continue to slow some

By fall 2008, the record number of building cranes that graced the Anchorage skyline earlier in the year were mostly taken down. That's symbolic of a continuing slowdown in the city's construction industry.

Big projects have helped carry Anchorage's construction industry for a number of years: the

## Small Losses in Store in 2009 Anchorage employment growth, 1999 to 2009



<sup>1</sup> Preliminary estimate

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

Dena'ina Civic and Convention Center, 10-story Linny Pacillo Parking Garage, University of Alaska Anchorage ConocoPhillips Integrated Science Building and two office towers in midtown Anchorage.<sup>1</sup>

Anchorage's construction employment peaked in 2005 and has declined moderately each year since then. Employment levels in 2009 are forecasted to fall again, possibly moving close to the employment levels in 2003 and 2004.

Total building valuations – residential, commercial and public – were down by \$146 million, or 23 percent, for 2008 – a partial window into 2009. Residential construction hit an 18-year low in 2008 and no rebound is expected in 2009. Commercial activity will also be winding down as fewer new hotels, retail outlets and office space are built.

Public construction, however, should remain strong, as activity on both Anchorage's military bases remains robust, and state and local government capital budgets continue to be healthy. The U.S. Corps of Engineers has plans for a long

<sup>1</sup> The two towers are called the JL Tower, with 300,000 square feet of office space, and the 188 West Northern Lights Building, with 120,000 square feet.

list of \$10 million-plus projects for Anchorage's military bases that include soldier housing, hangars, child care facilities, flight simulators and other projects. The recently passed \$315 million statewide transportation bond issue will also be a plus.

An extensive inventory of "already underway" projects will also help sustain construction activity close to 2008's levels. Some of those projects are continued work on the new \$50 million to \$60 million Veterans Affairs' clinic, the continued expansion of the Anchorage Museum, the expansion of the Alaska Native Medical Center's Primary Care Center, the replacement of Clark Junior High, the expansion of the Anchorage Port, and the rebuild of Concourses A and B at Ted Stevens International Airport.

There are also new projects that got underway in late 2008 or will break ground in 2009, including a new Target in South Anchorage, the completion of a variety of retail stores in Muldoon's Tikahtnu Commons, a \$46 million UAA Health Sciences Building, the eight-story Centerpoint West office building, and a variety of smaller projects.

Other surprise projects are also likely to appear on the horizon. One additional project worth mentioning – it's not being built in Anchorage but it will certainly be a big plus for the local industry – is the \$220 million-plus Goose Creek Correctional Center near Mat-Su's Point MacKenzie. Construction on the prison should get underway in early 2009. The national stimulus package and more specifically, the "shovel to ready" part of the program, could also boost Anchorage's outlook for 2009.

### **Health care growth likely to be modest**

In 2008, employment in Anchorage's health care industry grew by 100 to 200 jobs, or 1 percent – a far cry from the years when it was the city's No. 1 job machine. The industry's employment is forecasted to grow again in 2009, but at the same pace as this year.

Anchorage's second- and third-largest health care providers, the Alaska Native Health Consortium

and Southcentral Foundation, grew little in 2008 and that trend won't change in 2009. Constraints on federal dollars and capacity are both factors.

Providence Health & Services, Anchorage's largest private-sector employer and, in 2007, the first private-sector employer to break the 4,000-employment barrier, also plans to expand modestly in 2009.

Modest gains will also come from medical clinics of all kinds, doctors' and other health practitioners' offices, medical laboratories and other outpatient care providers.

### **A list of new players could enter the market**

After six years of little change in retail employment, a list of new retailers began appearing at the end of 2008 and will continue to open in 2009.

Most of the stores in the new 240,000-square-foot Glenn Square development in Mountain View opened in 2008, including Old Navy, Famous Footwear, Bed Bath & Beyond, Natural Pantry, Michaels and Petco. The mall represents 200 to 250 retail jobs.

Wal-Mart is now expanding its Dimond store into a supercenter.

The largest retail development that will make the biggest mark in 2009 is Cook Inlet Region Inc.'s \$100-plus million Tikahtnu Commons, anchored by Target, which opened in October. Other stores that will open early to mid-year 2009 will be a new Best Buy, Sports Authority, Kohl's, Lowe's and a host of small stores and possibly restaurants. Altogether, there are plans for 900,000 square feet of new space, making it the largest retail center in the state.

Another Target store is under construction; it will open in late 2009. Two new Walgreens will also open in 2009 and 2010 and there are plenty of substantive rumors of other retail developments.

Over the past year, the nation has lost nearly half a million of its retail jobs. And in today's retail environment, there's little doubt that the

gains coming from some of these new players will translate into losses and even closures of existing retailers. But because of all the new store openings in Anchorage, very moderate gains are forecasted for the city's retail industry.

## Professional and business services less robust

Architectural, engineering, environmental and other consulting services represent nearly a quarter of the employment in the professional and business services category. Because of the continued slowdown in construction and an absence of growth in the oil industry and mining exploration, this slice of the professional and business services category will likely lose some of its momentum. The share tied to legal, accounting, computer and other professional-type services should follow the trend of the rest of the economy.

## Uncertainty in leisure and hospitality industry

Nearly three-quarters of Anchorage's leisure and hospitality employment is tied to eating and drinking places and a quarter is in accommodations, meaning that most of the leisure and hospitality sector's stimulus comes from local consumption. Yet the visitor industry is still very important.

The outlook for the slice of the sector that's related to the visitor industry is becoming more uncertain as the national and international economies slow. In 2008, Anchorage's preliminary visitor numbers were flat. The number of

# Anchorage Wage and Salary Employment Forecast for 2009 **4**

|  | 2007<br>Monthly<br>Average | 2008<br>Monthly<br>Average <sup>1</sup> | Change<br>2007 to<br>2008 | Percent<br>Change<br>2007 to<br>2008 | Forecast                   |                           |                                      |
|--|----------------------------|---|---------------------------|--------------------------------------|----------------------------|---------------------------|--------------------------------------|
|  |                            |   |                           |                                      | 2009<br>Monthly<br>Average | Change<br>2008 to<br>2009 | Percent<br>Change<br>2008 to<br>2009 |
| Total Nonfarm Wage and Salary <sup>2</sup>   | 149,700                    | 151,000                                 | 1,300                     | 0.9%                                 | 150,400                    | -600                      | -0.4%                                |
| Goods-Producing <sup>3</sup>                 | 13,900                     | 13,900                                  | 0                         | 0.0%                                 | 13,300                     | -600                      | -4.5%                                |
| Service-Providing <sup>4</sup>               | 135,800                    | 137,100                                 | 1,300                     | 1.0%                                 | 137,100                    | 0                         | 0.0%                                 |
| Natural Resources and Mining                 | 2,600                      | 2,900                                   | 300                       | 11.5%                                | 2,600                      | -300                      | -11.5%                               |
| Oil and Gas Extraction                       | 2,500                      | 2,800                                   | 300                       | 12.0%                                | 2,500                      | -300                      | -12.0%                               |
| Construction                                 | 9,300                      | 9,100                                   | -200                      | -2.2%                                | 8,800                      | -300                      | -3.4%                                |
| Manufacturing                                | 2,000                      | 1,900                                   | -100                      | -5.0%                                | 1,900                      | 0                         | 0.0%                                 |
| Trade, Transportation and Utilities          | 33,600                     | 34,000                                  | 400                       | 1.2%                                 | 34,000                     | 0                         | 0.0%                                 |
| Wholesale Trade                              | 4,900                      | 5,100                                   | 200                       | 4.1%                                 | 5,100                      | 0                         | 0.0%                                 |
| Retail Trade                                 | 17,500                     | 17,600                                  | 100                       | 0.6%                                 | 17,800                     | 200                       | 1.1%                                 |
| Transportation, Warehousing and Utilities    | 11,200                     | 11,300                                  | 0                         | 0.0%                                 | 11,100                     | -200                      | -1.8%                                |
| Information                                  | 4,400                      | 4,400                                   | 0                         | 0.0%                                 | 4,400                      | 0                         | 0.0%                                 |
| Financial Activities                         | 9,200                      | 9,100                                   | 0                         | 0.0%                                 | 8,900                      | -200                      | -2.2%                                |
| Professional and Business Services           | 17,500                     | 17,900                                  | 400                       | 2.3%                                 | 18,000                     | 100                       | 0.6%                                 |
| Educational <sup>5</sup> and Health Services | 19,600                     | 19,900                                  | 300                       | 1.5%                                 | 20,200                     | 300                       | 1.5%                                 |
| Leisure and Hospitality                      | 15,600                     | 15,500                                  | -100                      | -0.6%                                | 15,200                     | -300                      | -2.0%                                |
| Other Services                               | 5,800                      | 6,000                                   | 0                         | 0.0%                                 | 6,100                      | 100                       | 1.6%                                 |
| Government                                   | 30,100                     | 30,300                                  | 0                         | 0.0%                                 | 30,300                     | 0                         | 0.0%                                 |
| Federal <sup>6</sup>                         | 9,300                      | 9,300                                   | 0                         | 0.0%                                 | 9,400                      | 100                       | 1.1%                                 |
| State <sup>7</sup>                           | 10,100                     | 10,200                                  | 100                       | 1.0%                                 | 10,100                     | -100                      | -1.0%                                |
| Local <sup>8</sup>                           | 10,700                     | 10,800                                  | 100                       | 0.9%                                 | 10,800                     | 0                         | 0.0%                                 |

<sup>1</sup> Preliminary estimates

<sup>2</sup> Excludes self-employed workers, fishermen, domestic workers, unpaid family workers and nonprofit volunteers

<sup>3</sup> Goods-producing sectors include natural resources and mining, construction and manufacturing.

<sup>4</sup> Service-providing sectors include all others not listed as goods-producing sectors.

<sup>5</sup> Private education only

<sup>6</sup> Excludes uniformed military

<sup>7</sup> Includes the University of Alaska

<sup>8</sup> Includes public school systems

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

highway and independent visitors was down, the number of foreign visitors was up and cruise ship traffic was stable. Given the current economic environment, it's hard to imagine that some real softness in the visitor part of the sector won't develop in 2009. Therefore, the leisure and hospitality sector will see losses in 2009.

One certain positive that's already in motion are the three new hotels under construction now. They'll open at different times in 2009. They include a new 78-room Comfort Suites on International Airport Road, close to the airport, a 165-room Crowne Plaza hotel on West International Airport Road at C Street, and a 160-room Marriott SpringHill Suites that will serve both the university community and the Alaska Native Medical Center.

## Decline in cargo activity and travel not good news for transportation

With a softer visitor season forecasted for the near future, a decline in international air cargo activity and more moderate growth in the broader economy, transportation employment is forecasted to dip some in 2009. As a result of much higher fuel prices, smaller air carriers in Anchorage that serve Alaska's smaller communities have cut back flights. Alaska Airlines recently announced some cutbacks after many years of growth. And international cargo volumes have been declining in 2008. A quick turnaround isn't expected.

One silver lining is that UPS continues to base more of its pilots in Anchorage – about 400 now. UPS officials estimate that half the company's pilots choose to live in the local area.

## Army's numbers will grow again in 2009

Since 2003, troop levels in Anchorage have trended upward. By 2008, the uniformed military count reached 12,186 – nearly 3,700 more than 2002. Those numbers are forecasted to grow by another 1,000 during the next couple of years. Yet the recent announcement of the deployment of 3,500 Fort Richardson troops to Afghanistan in February will negate some of these gains temporarily.

## Slight change in the public sector

Overall public-sector employment will change little in 2009.

Federal employment actually grew slightly in 2008 and it could grow a bit more in 2009. State government employment is forecasted to remain unchanged, in light of oil revenue declines. Local government will most likely remain at current levels. The Anchorage School District's enrollment didn't change in 2008; that trend will continue in 2009.

## Unemployment will climb

Although Anchorage's unemployment rate climbed by roughly half of a point in 2008, it

remained below 6 percent – not bad when you consider the national rate in December hit 7.2 percent, a 15-year high and rising.

The depth of the national recession will factor into how high Anchorage's rate will climb in 2009. As unemployment rises, job seekers will find a more competitive market than they have in recent years and employers will find it easier to recruit workers.



## Change is in store for 2009

By Neal Fried, Economist

Preliminary numbers for Fairbanks for 2008 suggest that employment grew for the 20<sup>th</sup> straight year, yet the gains were so small – a 100 jobs – that it's possible the final figures will tell a slightly different story.

But whether Fairbanks grew a little, remained unchanged or fell a bit isn't what's important. Instead, the salient point is that the changes have been moderate and that's what's forecasted for 2009. In a sense, it simply extends what has been the trend for most of the past decade.

That said, looking out to 2009 for Fairbanks is actually more perilous than it's been for many years. It isn't because locally generated unpredictable shocks could play havoc with the numbers; that possibility is always present. Instead, it's how the current national and international economic crises pan out and how that might have a more dramatic effect on Fairbanks' economy. (See Exhibits 5 and 6.)

Although we might want to believe the local economy operates in a vacuum, it doesn't. It's just too early to tell how bad the national eco-

conomic picture will become to make a sound judgment of its effects on Fairbanks. The assumption is that it won't be severe enough to send Fairbanks' economy into deep negative territory in 2009.

In these more uncertain times, what bodes well for Fairbanks is that so much of the Fairbanks North Star Borough's economic activity is tied to government. The presence of the large federal civilian and military establishment, along with the University of Alaska, is certainly a major source of economic stability. Much lower energy prices are also a big plus.

One area of softness, not limited to Fairbanks, will be the 2009 visitor season, as the national and global recession isn't good news for the visitor industry. And September's deployment of 4,000 Fort Wainwright troops will put a damper on the consumer side of Fairbanks' economy.

### Construction activity to drop off

Like elsewhere in the state, construction activity in Fairbanks will retreat some in 2009 but it could remain at above-average levels. The value of new construction in 2008 was roughly \$73 million, according to the City of Fairbanks. That represents a significant drop from 2007's \$131 million and provides a partial window into a slower year for 2009.

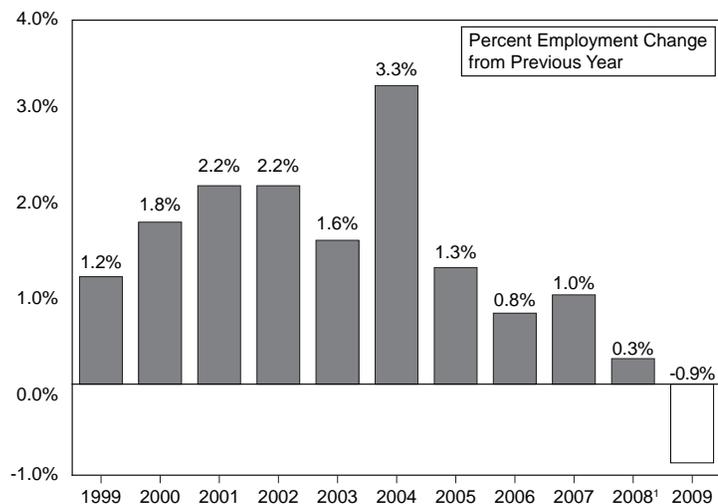
Construction activity on the military bases will remain brisk and provide the underlying strength to Fairbanks' construction industry.

Although most of the work at the nearly \$100 million Fairbanks International Airport renovation has been completed, some will continue into 2009. The construction of the roughly \$46 million Ruth Burnett Sport Fish Hatchery is another large construction project that will carry over into 2009. The recently passed statewide bond issue will also be a plus – about \$45 million of it was for road projects in the Fairbanks area.

On the commercial side, the construction of smaller buildings, three hotels and a new retailer, Sports Authority, will provide some lift.

## Moderate Downturn for Fairbanks Fairbanks employment growth, 1999 to 2009

# 5



<sup>1</sup> Preliminary estimate

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

Fairbanks' residential activity has been healthier than in most places around the state and the nation, but that too is forecasted to slow down in 2009.

### The mining sector should hold its own

Fairbanks' mining and oil industry employment won't likely move much in 2009. Both softer gold prices and oil prices aren't likely to inspire growth for the mining industry or oil industry, but the low prices are also not likely to cause much retrenchment in 2009. Gold prices remain way above historical levels and the North Slope projects underway or planned for 2009 may sustain oil patch employment near current levels.

### Retail could remain stable

Fairbanks has been digesting all the new retail that has entered the market over the past five years, as has much of the rest of the state.

Like 2008, it looks as if Fairbanks' retail employment will remain relatively flat in 2009.

With the Army deployment in full swing and economic uncertainty in the rest of the country

# 6 Fairbanks Wage and Salary Employment Forecast for 2009

|  |                            |   |                           |                                      | Forecast                   |                           |                                      |
|--|----------------------------|---|---------------------------|--------------------------------------|----------------------------|---------------------------|--------------------------------------|
|  | 2007<br>Monthly<br>Average | 2008<br>Monthly<br>Average <sup>1</sup> | Change<br>2007 to<br>2008 | Percent<br>Change<br>2007 to<br>2008 | 2009<br>Monthly<br>Average | Change<br>2008 to<br>2009 | Percent<br>Change<br>2008 to<br>2009 |
| Total Nonfarm Wage and Salary <sup>2</sup>   | 38,400                     | 38,500                                  | 100                       | 0.3%                                 | 38,150                     | -350                      | -0.9%                                |
| Goods-Producing <sup>3</sup>                 | 4,400                      | 4,400                                   | 0                         | 0.0%                                 | 4,100                      | -300                      | -6.8%                                |
| Service-Providing <sup>4</sup>               | 34,000                     | 34,100                                  | 100                       | 0.3%                                 | 34,050                     | -50                       | 0.1%                                 |
| Natural Resources and Mining                 | 900                        | 1,000                                   | 100                       | 11.1%                                | 900                        | -100                      | -10.0%                               |
| Construction                                 | 2,800                      | 2,700                                   | -100                      | -3.6%                                | 2,500                      | -200                      | -7.4%                                |
| Manufacturing                                | 700                        | 700                                     | 0                         | 0.0%                                 | 700                        | 0                         | 0.0%                                 |
| Trade, Transportation and Utilities          | 7,800                      | 7,700                                   | -100                      | -1.3%                                | 7,700                      | 0                         | 0.0%                                 |
| Wholesale Trade                              | 700                        | 700                                     | 0                         | 0.0%                                 | 700                        | 0                         | 0.0%                                 |
| Retail Trade                                 | 4,700                      | 4,700                                   | 0                         | 0.0%                                 | 4,700                      | 0                         | 0.0%                                 |
| Transportation, Warehousing and Utilities    | 2,400                      | 2,300                                   | -100                      | -4.2%                                | 2,300                      | 0                         | 0.0%                                 |
| Information                                  | 600                        | 600                                     | 0                         | 0.0%                                 | 600                        | 0                         | 0.0%                                 |
| Financial Activities                         | 1,600                      | 1,600                                   | 0                         | 0.0%                                 | 1,500                      | -100                      | -6.3%                                |
| Professional and Business Services           | 2,300                      | 2,300                                   | 0                         | 0.0%                                 | 2,300                      | 0                         | 0.0%                                 |
| Educational <sup>5</sup> and Health Services | 4,200                      | 4,300                                   | 100                       | 2.4%                                 | 4,400                      | 100                       | 2.3%                                 |
| Leisure and Hospitality                      | 4,300                      | 4,300                                   | 0                         | 0.0%                                 | 4,200                      | -100                      | -2.3%                                |
| Other Services                               | 1,300                      | 1,300                                   | 0                         | 0.0%                                 | 1,300                      | 0                         | 0.0%                                 |
| Government                                   | 11,900                     | 12,000                                  | 100                       | 0.8%                                 | 12,050                     | 50                        | 0.4%                                 |
| Federal Government <sup>6</sup>              | 3,500                      | 3,500                                   | 0                         | 0.0%                                 | 3,550                      | 50                        | 1.4%                                 |
| State Government <sup>7</sup>                | 5,200                      | 5,300                                   | 100                       | 1.9%                                 | 5,300                      | 0                         | 0.0%                                 |
| Local Government <sup>8</sup>                | 3,200                      | 3,200                                   | 0                         | 0.0%                                 | 3,200                      | 0                         | 0.0%                                 |

<sup>1</sup> Preliminary estimates

<sup>2</sup> Excludes self-employed workers, fishermen, domestic workers, unpaid family workers and nonprofit volunteers

<sup>3</sup> Goods-producing sectors include natural resources and mining, construction and manufacturing.

<sup>4</sup> Service-providing sectors include all others not listed as goods-producing sectors.

<sup>5</sup> Private education only

<sup>6</sup> Excludes uniformed military

<sup>7</sup> Includes the University of Alaska

<sup>8</sup> Includes public school systems

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

The outlook for the visitor industry is becoming more uncertain as national and international economies slow. Preliminary visitor numbers in 2008 were flat at best for Fairbanks: highway and independent visitors were down, foreign visitors were up and cruise ship-related traffic was stable.

Given the current economic environment, some real softness will likely develop in the visitor part of the leisure and hospitality sector in 2009. Local stimulus is also looking lackluster. Fort Wainwright's 4,000-troop deployment won't go unnoticed in local eateries, and other local consumers may be in a cautionary spending mode in 2009.

– some of which may spill into Alaska – it's likely to be a weak year in retail spending.

But in light of the national picture, Fairbanks' stability could be considered better than good. The expansion of Fairbanks' Wal-Mart into a superstore in mid-2008 and the opening of the new Sports Authority in later 2009 should help keep retail's employment numbers more positive.

## A big question mark for leisure and hospitality

About two-thirds of Fairbanks' leisure and hospitality employment is tied to eating and drinking places and a quarter is in accommodations. The stimulus for the leisure and hospitality sector comes both from local consumption and the visitor industry.

One positive for the leisure and hospitality category that's already in motion is the fact that Fairbanks' three new hotels, now under construction, will be opening at different times in 2009: the 71-room Hotel North Pole, 67-room Best Western and 101-room Hampton Inn.

## Health care – a modest contribution

Fairbanks' health care industry has been dynamic over the past decade, and in most years it generated new jobs. In 2008, the industry was still in the modest expansion mode – it grew by about 100 jobs. The aging of the state's population and other factors could continue to push health care's employment numbers upward, although at a moderate pace. The forecast represents this change.

## Not much change for professional and business services

It's difficult to gauge trends in the professional and business services category because it includes a wide variety of unrelated specialties – legal, accounting, engineering, computer, design and similar specialties. Although there will be less construction activity in 2009, and both mining and oil and gas levels will be flat, Fairbanks' employment in the professional and business services category isn't likely to change much.

## Uniformed military grows but many are deployed

Fort Wainwright's troop levels grew in 2008 and the expectation is that they will remain at those levels and possibly go higher in 2009. Yet many of those gains will be temporarily negated because of September's deployment of the 4,000 troops – the 1st Stryker Brigade Combat Team. They were deployed to Iraq for at least a year, representing their second deployment in four years. Most of the troops' dependents are expected to stay in Fairbanks, though some have left the state for the deployment.

Although temporary, the deployment certainly has ramifications for parts of Fairbanks' economy in 2009. Many businesses around the Fairbanks North Star Borough will see a decline in business.

## Stability in the public sector

Overall public-sector employment will change little in 2009. Federal employment actually grew slightly in 2008 and it could grow a bit more in 2009. Hiring for the 2010 Census count will begin in 2009.

State government employment is forecasted to remain stable. Local government employment will likely remain at current levels. Student enrollment at the Fairbanks North Star Borough School District increased slightly this year,<sup>1</sup> increasing for the first time in more than a decade. That's good news for employment levels at the school district – Fairbanks' single-largest civilian employer.

<sup>1</sup> "This year" refers to the current 2008-2009 school year.

## Unemployment will climb and the job market will get tougher

Although Fairbanks' unemployment rate climbed by slightly more than half of a point in 2008, it still came in below 6 percent for the year.

As the unemployment picture worsens before it improves, job seekers will face a more competitive market in 2009 than they have had in recent years. The flip side to this coin is that employers should find it easier to recruit and retain workers.



## Moderate declines forecasted for 2009

By Alyssa Shanks, Economist

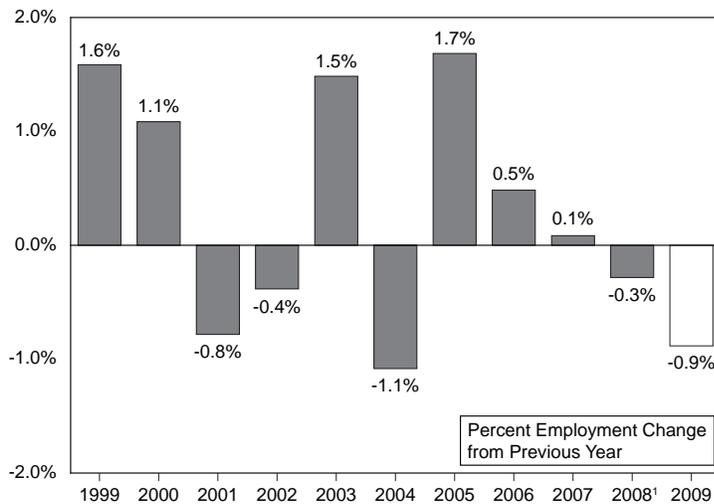
After losing 100 jobs in 2008, Southeast employment is expected to fall at least a little more in 2009. Economic events outside Southeast will cause some of the losses, while ongoing disputes over the best use of the region's natural resources will cause others. The overall forecast is for a loss of 350 jobs. (See Exhibits 7 and 8.)

## Big questions for the 2009 tourism season

Southeast cruise ship visitor levels quadrupled from 250,000 in 1990 to about 1 million in 2007, but growth has slowed over the last few years as the tourism industry approached capacity. Preliminary numbers for 2008 indicate passenger levels held fast at 1 million. Even without the national recession and global economic downturn, passenger levels wouldn't have been expected to increase much in 2009.

Early bookings are down for the 2009 season, but passenger levels aren't expected to fall no-

## 7 Small Losses Will Likely Persist Southeast employment growth, 1999 to 2009



<sup>1</sup> Preliminary estimate

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

ticeably because cruise ship companies generally discount tickets as necessary to keep the ships full.

The bigger question, though, is whether summer visitors will be less inclined to spend money while they're in port.

The most likely scenario is the one Southeast saw following the 2001 recession when visitors still came to Alaska in large numbers, but spent less on shore excursions and souvenirs. Sales tax revenues in Skagway fell markedly in 2002 and stayed low in 2003, while Juneau's leveled off noticeably in 2002. Consumer spending fell nationwide in 2008 and isn't expected to rebound until an economic recovery is well underway. As a result of the turmoil in the broader economy, losses are expected to be scattered among Southeast's many industries that depend on summer visitors.

### Fishing expected to resist recessionary forces

Commercial fishermen harvested 146 million salmon in 2008, a noticeable decline from 2007 levels, but still the 16th-largest harvest since statehood. Stocks in salmon and other species

are generally healthy, although halibut catches are expected to be reduced for a second year to strengthen stocks.

Despite year-to-year fluctuations in harvest levels, seafood processing employment has been relatively stable in recent years.<sup>1</sup> Since 2003, the number of processing jobs hasn't dropped below 1,450 or gone above 1,550. The economic slowdown will likely have less of an effect on food-related industries, especially those that are considered staples. As a result, the processing job count is forecasted to remain at 2008 levels and the fishing industry will provide some important stability to the region's economy in 2009.

### Mining's pace slows

Mining, which provided 400 jobs in 2008, is forecasted to drop a little in 2009 for mostly local reasons. In late 2008, the Kensington Mine cut jobs as a dispute over tailings disposal continued to delay the opening of the gold mine. The U.S. Supreme Court has heard the case, and a decision is likely in 2009. Regardless of the outcome, mine owners don't anticipate beginning production in 2009.

Southeast's largest mine is Greens Creek on Admiralty Island near Juneau, which has provided a consistent source of jobs for more than a decade. Employment at the silver, gold, zinc and lead mine is expected to hold steady, although the dramatic decline in commodity prices in 2008 makes that a little less certain.

### Timber losing ground

At its peak in 1989, Southeast's timber industry provided 3,550 jobs. That number has hovered at around 400 for the last five years, leaving timber with a much smaller influence on Southeast's economy.

<sup>1</sup> The job numbers included in this forecast and regularly published in *Trends* don't include commercial fishing, one of Southeast's core industries, because fishermen are considered self-employed and they generally aren't covered by Alaska's unemployment insurance laws. Quarterly reports that employers are required to file under unemployment insurance laws are the main source of information on the number of payroll jobs in seafood processing and other industries.

Disagreement persists over the U.S. Forest Service's Tongass National Forest Plan and whether the timber it makes available can sustain the industry. For now, litigation is keeping new federal timber harvests on hold. As a result, jobs in the timber industry are expected to decline slightly in 2009.

### Government employment to fall a little more

Taken as a whole, Southeast's government employment has been essentially flat in recent years. Federal jobs have dropped from 2,000 in 2005 to 1,800 in 2008, primarily due to a reduction in the region's Forest Service jobs, but Southeast's state government employment has stayed in a very narrow range for years. Fifteen years ago, the region's state government job count was 5,450, the same number as in 2008. Local government's job count in 2008 was 6,100, which is about 45 percent of the region's government jobs.

Despite big questions about oil prices and the state budget, Southeast's state government employment is expected to remain at about the same level in 2009 and local government employment is expected to see very little net change. The slight overall decline of 50 government jobs for Southeast is forecasted to come from the federal government.

### Construction jobs fall as projects near completion

Public-sector projects have always been an important piece of Southeast's construction indus-

# Southeast Wage and Salary Employment Forecast for 2009



## Forecast

|  | 2007               | 2008                            | Change<br>2007 to<br>2008 | Percent<br>Change<br>2007 to<br>2008 | Forecast                   |                           |                                      |
|--|--------------------|---------------------------------|---------------------------|--------------------------------------|----------------------------|---------------------------|--------------------------------------|
|  | Monthly<br>Average | Monthly<br>Average <sup>1</sup> |                           |                                      | 2009<br>Monthly<br>Average | Change<br>2008 to<br>2009 | Percent<br>Change<br>2008 to<br>2009 |
| Total Nonfarm Wage and Salary <sup>2</sup>   | 36,950             | 36,850                          | -100                      | -0.3%                                | 36,500                     | -350                      | -0.9%                                |
| Goods-Producing <sup>3</sup>                 | 4,150              | 4,100                           | -50                       | -1.2%                                | 3,950                      | -150                      | -3.7%                                |
| Service-Providing <sup>4</sup>               | 32,800             | 32,750                          | -50                       | -0.2%                                | 32,550                     | -200                      | -0.6%                                |
| Natural Resources and Mining                 | 650                | 650                             | 0                         | 0.0%                                 | 600                        | -50                       | -7.7%                                |
| Construction                                 | 1,550              | 1,550                           | 0                         | 0.0%                                 | 1,450                      | -100                      | -6.5%                                |
| Manufacturing                                | 1,950              | 1,900                           | -50                       | -2.6%                                | 1,900                      | 0                         | 0.0%                                 |
| Seafood Processing                           | 1,450              | 1,450                           | 0                         | 0.0%                                 | 1,450                      | 0                         | 0.0%                                 |
| Trade, Transportation and Utilities          | 7,500              | 7,550                           | 50                        | 0.7%                                 | 7,500                      | -50                       | -0.7%                                |
| Retail Trade                                 | 4,650              | 4,750                           | 100                       | 2.2%                                 | 4,750                      | 0                         | 0.0%                                 |
| Information                                  | 550                | 550                             | 0                         | 0.0%                                 | 550                        | 0                         | 0.0%                                 |
| Financial Activities                         | 1,350              | 1,350                           | 0                         | 0.0%                                 | 1,350                      | 0                         | 0.0%                                 |
| Professional and Business Services           | 1,300              | 1,350                           | 50                        | 3.8%                                 | 1,350                      | 0                         | 0.0%                                 |
| Educational <sup>5</sup> and Health Services | 3,600              | 3,550                           | -50                       | -1.4%                                | 3,600                      | 50                        | 1.4%                                 |
| Leisure and Hospitality                      | 3,850              | 3,800                           | -50                       | -1.3%                                | 3,700                      | -100                      | -2.6%                                |
| Other Services                               | 1,200              | 1,150                           | -50                       | -4.2%                                | 1,150                      | 0                         | 0.0%                                 |
| Government                                   | 13,450             | 13,400                          | -50                       | -0.4%                                | 13,350                     | -50                       | -0.4%                                |
| Federal Government <sup>6</sup>              | 1,900              | 1,800                           | -100                      | -5.3%                                | 1,750                      | -50                       | -2.8%                                |
| State Government <sup>7</sup>                | 5,450              | 5,450                           | 0                         | 0.0%                                 | 5,450                      | 0                         | 0.0%                                 |
| Local Government <sup>8</sup>                | 6,100              | 6,150                           | 50                        | 0.8%                                 | 6,150                      | 0                         | 0.0%                                 |

<sup>1</sup> Preliminary estimates

<sup>2</sup> Excludes self-employed workers, fishermen, domestic workers, unpaid family workers and nonprofit volunteers

<sup>3</sup> Goods-producing sectors include natural resources and mining, construction and manufacturing.

<sup>4</sup> Service-providing sectors include all others not listed as goods-producing sectors.

<sup>5</sup> Private education only

<sup>6</sup> Excludes uniformed military

<sup>7</sup> Includes the University of Alaska

<sup>8</sup> Includes public school systems

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

try. They're a big part of the reason construction has provided a stable average monthly count of between 1,500 and 1,600 jobs a year over the last four years. However, most large-scale projects from 2008 will be completed by early 2009, and most future projects are still in the planning and permitting phases. This lull in public-sector spending, combined with expected stability in private construction, will cause some short-term losses in the industry.

### Stability expected in retail

Southeast has added 250 retail jobs in the last five years and is expected to maintain its current level of 4,750 jobs in 2009. The opening of Home Depot and Wal-Mart in Juneau created some of the past growth. There are no large-

scale openings scheduled for 2009 and the expected decrease in spending by summer visitors will also restrain retail's growth.

### Small growth forecasted for health care

Health care has been one of the region's more stable industries in recent years. Employment was 2,200 in 2008, only 100 jobs more than the region had in 2003.

National and international economic woes are unlikely to have much of an impact on health care. Southeast also has an aging population, which will gradually increase the demand for health care services over time.

### Somewhat protected by diversity

To put the forecast in context, the loss of 350 jobs is not particularly large by historical stan-

dards. In 1998, for example, the region saw a net loss of 650 jobs. Considering the job losses much of the nation experienced in 2008 – losses that are expected to continue well into 2009 – the expected decline is relatively mild.

Without question, Southeast's economy is influenced by national and global economic changes. At least a few of the region's four main economic drivers – government, fishing, tourism and mining – will feel the effects of the global economic downturn.

For 2009, though, relative stability in government and fishing will partially insulate Southeast from expected losses elsewhere. The loss of less than 1 percent of Southeast's total job count isn't a significant departure from the long-term trend for the region.

## Trends Index 2008

### January

Employment Forecast for 2008: Make it 20... and counting  
Employment Scene – Easing into November

### February

Alaska's Health Care Industry: It's one big dynamic industry  
Employment Scene – Hints of a slowdown in December

### March

Nonresidents Working in Alaska: Nonresidents make up a big part of the work force  
Employment Scene – Diverging roads: oil and construction

### April

Alaska's Economy Since 2000: The top 10 developments  
Annual Revisions to Employment Estimates: When, why and how?  
Employment Scene – Unemployment rate at 6.6 in February

### May

Gender and Wages in Alaska: An analysis of wages in 2006  
Employment Scene – Unemployment rate continues slow climb

### June

Skagway: Gold, a railroad, and lots of big ships  
Local Employment Dynamics: Alaska joins Census program  
Total Wages Grow by 4.1 Percent: State's employers pay nearly \$14 billion in wages in 2007  
Employment Scene – Unemployment rate holds at 6.7 percent in April

### July

The Cost of Living in Alaska: A hot topic gets a little hotter  
Employment Scene – Unemployment rate rises to 7.0 percent in May

### August

Alaska's Home Mortgages: Activity is down in the second half of 2007 compared to a year earlier  
Alaska's Unemployment Insurance: Legislators increase benefits and shift the tax burden  
Employment Scene – Unemployment rate at 6.8 percent in June

### September

Alaska's Oil Industry: Producing a third less oil but providing a record number of jobs  
Employment Scene – Two economic indicators, two different storylines

### October

The *Trends* 100 – Alaska's 100 largest private employers in 2007: Providence breaks the 4,000 barrier  
Business Employment Dynamics: A look beneath the surface of changes to job counts  
Employment Scene – Unemployment rate at 6.9 percent in August

### November

Employment in Alaska's Fisheries: Alaska is the No. 1 fishing state  
Census 2010: The Census Bureau and what's in store for Alaska  
Employment Scene – Unemployment rate at 6.8 percent in September

### December

Retail Trade in Alaska: An industry that touches everyone  
Alaska's Per Capita Income: Up 6.7 percent in 2007  
Employment Scene – Unemployment rate at 7.4 percent in October