

Jobs Forecast for 2019

A handful of industries likely to spur slight growth this year

By **KARINNE WIEBOLD**

After three years of job losses, Alaska is set to regain a small amount of lost ground in 2019 as some industries show signs of recovery. We forecast 0.4 percent growth in 2019, or about 1,400 new jobs. (See exhibits 1 through 4.)

Sectors devastated early in the recession are beginning to add jobs again. Oil industry employment stabilized in mid to late 2018, and increased activity on the North Slope signals resumed growth. The construction industry, hit especially hard during the recession's first two years, began to add jobs in 2018 and will pick up the pace in 2019, mainly through projects at Eielson Air Force Base in the Interior.

Other sectors have stabilized and some, such as retail and state and local government, will continue to lose jobs in 2019.

Three drivers of growth: military, oil, and tourism

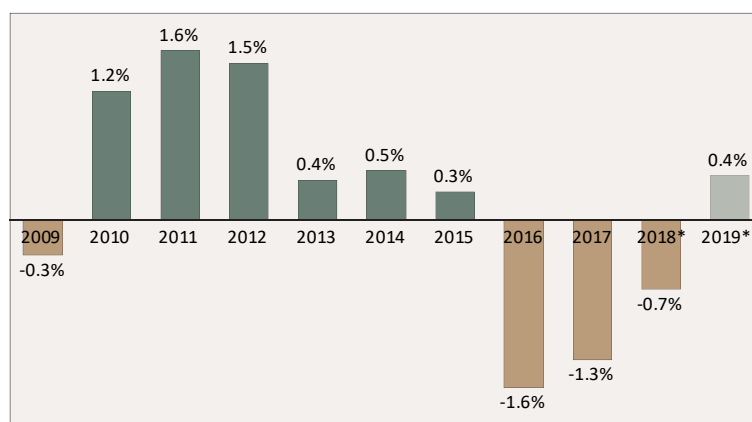
Forecasted growth has three major drivers this year. The largest is preparation for the arrival of F-35 fighter jets at Eielson, the first of which will arrive in 2020. The Air Force base will host two full squadrons by 2022.

Preparations include a half-billion dollars in new construction to accommodate the jets and additional active duty and civilian support staff. This is big for the Interior, but it will also boost construction and profes-

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Regaining Some Ground After Losses

STATEWIDE CHANGE IN JOBS, 2009 TO 2019 FORECAST



*Preliminary **Forecast

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

sional and business services around the state, mainly in Anchorage and the Matanuska-Susitna Borough.

Oil and gas activity is also expected to pick up despite lackluster oil prices, with a number of projects on the near horizon.

The third driver is tourism, as 2019 is expected to be another record year. The projected number of cruise ship passengers is up 16 percent, to 1,361,400. As long as the U.S. economy remains strong and barring

substantial disruptions globally, Alaska will continue to be an attractive tourist destination.

Construction will grow the most

By industry, construction is forecasted to add the



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Statewide Job Forecast by Industry

WAGE AND SALARY EMPLOYMENT, 2017 TO 2019

	2017 monthly average ¹	2018 monthly average ¹	Change in jobs 2017-18	Percent change 2017-18	FORECAST		
					2019 monthly average	Change in jobs 2018-19	Percent change 2018-19
Total Nonfarm Employment ²	329,000	326,800	-2,200	-0.7%	328,200	1,400	0.4%
Total Private Sector	247,900	246,400	-1,500	-0.6%	248,000	1,600	0.6%
Natural Resources and Mining	13,000	12,600	-400	-3.1%	13,000	400	3.2%
Oil and Gas	9,700	9,300	-400	-4.1%	9,600	300	3.2%
Construction	15,200	15,500	300	2.0%	16,400	900	5.8%
Manufacturing	13,200	12,900	-300	-2.3%	12,800	-100	-0.8%
Trade, Transportation, and Utilities	64,700	64,100	-600	-0.9%	64,000	-100	-0.2%
Retail Trade	36,400	35,500	-900	-2.5%	35,200	-300	-0.8%
Wholesale Trade	6,400	6,400	0	0%	6,400	0	0%
Transportation, Warehousing, and Utilities	21,900	22,200	300	1.4%	22,400	200	0.9%
Information	6,000	5,700	-300	-5.0%	5,600	-100	-1.8%
Financial Activities	11,900	11,700	-200	-1.7%	11,500	-200	-1.7%
Professional and Business Services	27,800	27,200	-600	-2.2%	27,000	-200	-0.7%
Educational ³ and Health Services	49,800	50,300	500	1.0%	50,700	400	0.8%
Health Care	37,400	38,100	700	1.9%	38,600	500	1.3%
Leisure and Hospitality	35,300	35,400	100	0.3%	35,900	500	1.4%
Other Services	11,000	11,000	0	0%	11,100	100	0.9%
Total Government	81,100	80,400	-700	-0.9%	80,200	-200	-0.2%
Federal Government ⁴	15,100	15,000	-100	-0.7%	15,200	200	1.3%
State Government ⁵	23,800	23,500	-300	-1.3%	23,300	-200	-0.9%
Local Government ⁶	42,200	41,900	-300	-0.7%	41,700	-200	-0.5%

¹Preliminary and adjusted estimates

²Excludes self-employed workers, fishermen, domestic workers, and unpaid family workers

³Private education only

⁴Excludes uniformed military

⁵Includes the University of Alaska

⁶Includes public school systems

Note: Sectors may not sum due to rounding.

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

largest number of jobs in 2019 — 900, or 5.8 percent — mostly related to the growth at Eielson.

The 7.0 magnitude earthquake that hit Southcentral Alaska on Nov. 30, 2018 will also boost construction as commercial buildings, homes, and roads need repair or reconstruction.

While the earthquake's total cost isn't yet clear, we expect the recovery to generate a modest number of jobs through early 2019 and additional work in the summer when the weather is suitable for exterior and earth work.

Alaska's population declined in 2017 for the first time since 1988, when the state was in the midst of another recession. Although more people have left Alaska than moved in for the last five years, natural increase was enough to keep the population growing until 2017.

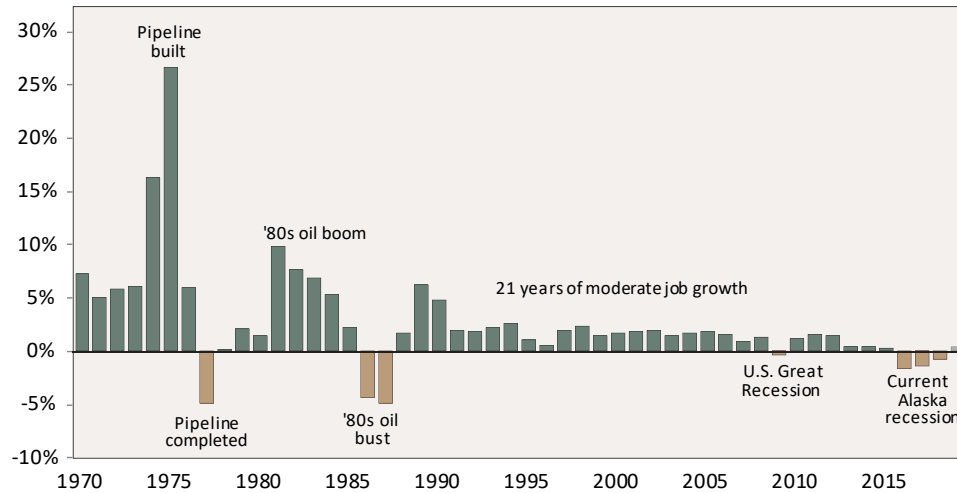
Other industries that will add jobs

For natural resources and mining, which includes oil and gas as well as hard rock mining, we forecast 400 new jobs in 2019, or 3.2 percent growth.

Oil and gas industry employment plummeted 37 percent after its peak in 2014, a loss of 5,500 jobs, but the losses appeared to bottom out in 2018. The industry is projected to regain 300 jobs this year, with a number of new projects on the horizon. (For more on the oil industry, see the Anchorage profile on page 8.)

3 Job Loss and Gain Over Alaska's Modern History

PERCENT CHANGE, 1970 TO 2019 FORECAST



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

Mining has been strong and steady, and is set to add 100 jobs.

High expectations for tourism will spur growth in the transportation and warehousing, mainly in the water-based scenic and sightseeing transportation category (500 jobs). A strong visitor season will also boost leisure and hospitality, which is expected to add about 500 jobs. Many of those will be tied to the three new hotels that will open in Anchorage this year.

Health care has grown steadily for the past two decades, punctuated by the occasional growth spurt. An example is when Medicaid expansion went into effect in late 2015. Coverage for an additional 46,000 Alaskans boosted health care's job numbers noticeably in

2016 and 2017.

Health care will continue to grow, but at a more moderate pace. The industry added about 700 jobs in 2018 and is forecasted to add 500 this year. (See Exhibit 5.)

More loss on horizon for some industries

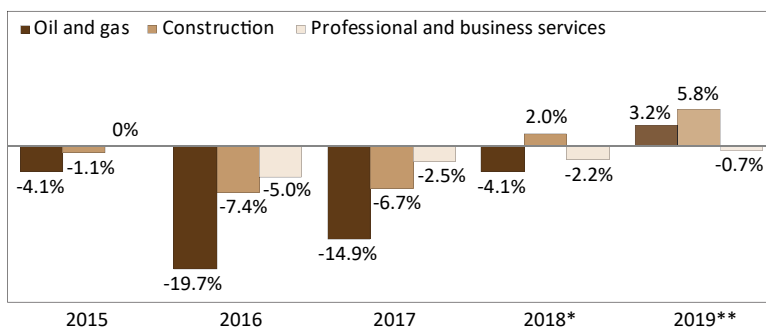
Retail was the biggest loser in 2018, shedding 900 jobs after losing 700 the year before. We expect the losses will slow in 2019, but the industry will still lose 300 jobs. (See Exhibit 6.)

Several major retailers closed in 2018, including Sam's Club and Sears in Anchorage and Fairbanks, costing the state hundreds of jobs. While these closures were due to corporate changes nationally rather than the state recession, they exacerbated retail's losses.

Stores open and close all the time, though, and while those changes are attention-grabbing, what really moves retail employment in the long run is a combination of local demand and availability, and the increasing popularity of online shopping will continue to put a damper on traditional retailers nationwide.

4 Hardest-Hit Industries Begin to Recover

EMPLOYMENT CHANGE, 2015 TO 2019 FORECAST



*Preliminary **Forecast

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

Information jobs, which include newspapers and telecommunications, have been in decline for years and are forecasted to decrease by another 100 in 2019. The closure or consolidation of state media outlets mirrors the national trend of moving from print to less labor-intensive online delivery.

The financial industry's gradual employment decline is also likely to continue, with a forecasted loss of 200 jobs, similar to 2018.

Professional and business services was hit hard and early by the recession, and while its losses have slowed, we expect they'll continue into 2019.

Professional and business services jobs include legal services, accounting, architecture and engineering, management of companies, and administrative support and waste management. The sector lost 1,500 jobs in the first year of the recession, 700 the second year, and 600 in the third. We forecast 2019's loss to shrink to just 200 jobs, as increased construction and oil and gas activity will generate some new demand.

Manufacturing, which is mostly seafood processing in Alaska, is expected to lose 100 jobs in 2019.

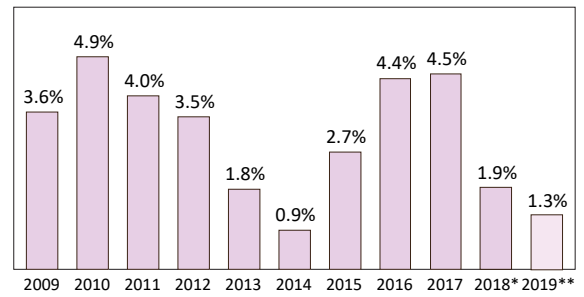
The industry has been shrinking for a while through changes to seafood processing techniques and the growing popularity of overseas processing. Salmon runs are another factor, and they've been erratic the last couple of years. This year's catch is forecasted to be similarly low, as is the halibut catch.

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Health Care Growth Slows

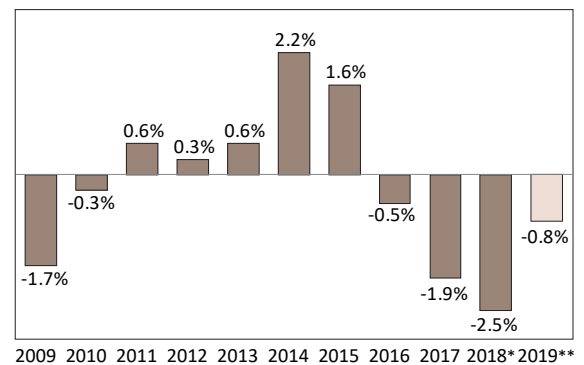
PERCENT CHANGE, 2009 TO 2019 FORECAST



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Retail to Remain Pinched

PERCENT CHANGE, 2009 TO 2019 FORECAST



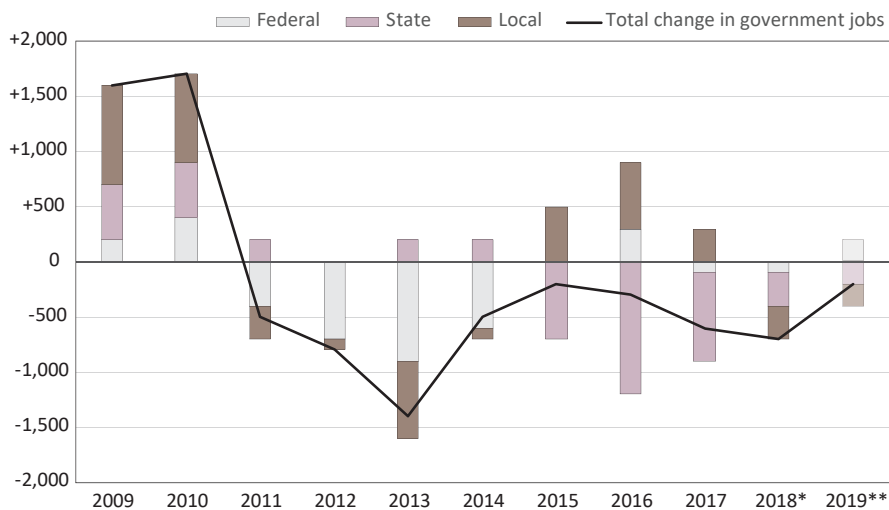
*Preliminary **Forecast

Source for exhibits 5 and 6: Alaska Department of Labor and Workforce Development, Research and Analysis Section

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Forecasted State, Local Government Declines

EMPLOYMENT CHANGE, 2009 TO 2019 FORECAST



*Preliminary **Forecast

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

Local government employment, 70 percent of which is in public schools, has decreased a bit in recent years and so has enrollment, but the upcoming military buildup is likely to reverse that course.

The borough's local government also includes the city governments of Fairbanks and North Pole and the Fairbanks North Star Borough government, which are forecasted to lose about 100 jobs collectively in 2019.

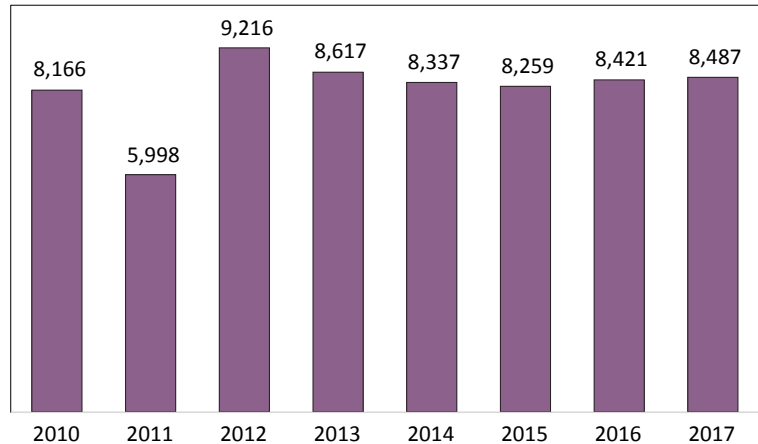
Fairbanks had about 3,000 federal civilian jobs in 2018, similar to the year before and forecasted to hold in 2019. The flat forecast is a mixture of anticipated budget cuts on the federal civilian side and increases on the civilian military side.

Fairbanks has the highest concentration of active duty personnel in Alaska. Nearly 9 percent of area residents are active duty and another 10 percent are military dependents.

The area had 8,487 uniformed military personnel in 2017, marking a second year of modest increases.

3 Modest Increase in Military Population

FAIRBANKS NORTH STAR BOROUGH, 2010 TO 2017



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

(See Exhibit 3.) That number will increase dramatically by 2020, as roughly 3,000 active duty personnel, their families, and civilian employees accompany the F-35s.

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

STATEWIDE

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Breweries, distilleries, and marijuana product manufacturers will generate some new manufacturing jobs, but they are small compared to seafood processing.

Government faces more loss, but picture is uncertain

The outlook remains dim for government employment this year, with continued losses in state and local government. A small percent increase in federal jobs for the 2020 Census will partially offset the loss. (See Exhibit 7.)

State government has lost 3,000 jobs since its employment peak in 2014 and will decline further as the

state continues to adjust and make difficult economic decisions after a long period of depending mostly on oil revenue to fund state government. We estimate a 2019 loss of 200 jobs, but major changes such as a hiring freeze, significant budget cuts, or department restructuring could mean substantial additional losses.

Local government weathered the first two years of the recession well, adding jobs in both 2016 (600) and 2017 (300), but losses finally hit last year. We forecast another year of job loss for local government, at about 200 jobs.

Karinne Wiebold is an economist in Juneau. Reach her at (907) 465-6039 or karinne.wiebold@alaska.gov.