

Southeast employment stabilizes after losses

By **KARINNE WIEBOLD**

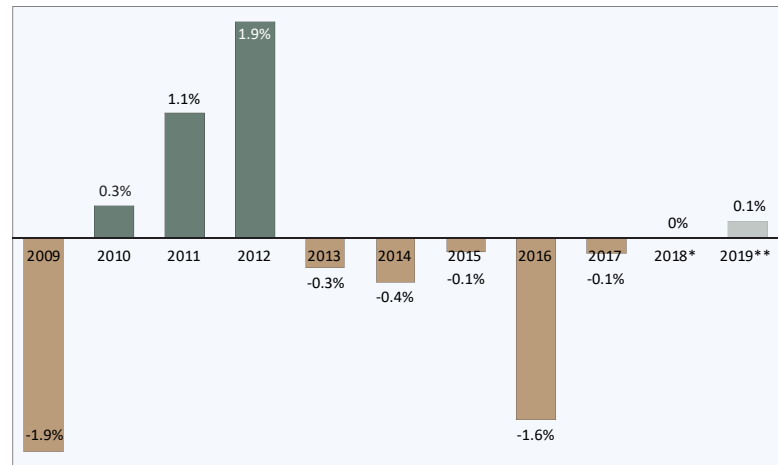
1

Slight Job Growth Likely This Year

SOUTHEAST CHANGE IN JOBS, 2009 TO 2019 FORECAST

Growth is in Southeast's forecast for the first time since 2012: a slight gain of about 50 jobs, or 0.1 percent. We expect a handful of industries to add a modest number of jobs in 2019, offsetting losses that come from government cuts and poor fishing runs. (See exhibits 1 and 2.)

Southeast has underperformed the state as a whole for most of the last decade. The region lost a greater share of its jobs in 2009 — the only year Alaska lost jobs during the national recession — and regained fewer before taking another blow when the state recession began in 2015. (See Exhibit 1.)



*Preliminary **Forecast

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

Continuing population loss also dampens Southeast's outlook. State demographers project the region will lose an additional 550 people from 2017 to 2020.

Continual population declines are a long-term concern

As with the state overall, more people left Southeast than moved in from 2016 to 2017. This marked five straight years of net migration losses for both the region and the state, and for Southeast it was the third straight year that natural increase wasn't large enough to offset the net migration loss, shrinking the overall population. (See Exhibit 3.)



Southeast lost 900 people overall in 2017, bringing its total population loss to 1,600 since 2014. The current state recession and relative strength of the Lower 48 economy have largely driven the decline.

Net migration losses mean fewer workers and less local spending because households that move tend to have at

least one working-age adult. This is especially relevant in Southeast because the region is older so its economy has fewer potential workers to lose.

The region's largest age group is between 55 and 59 and the second largest is 60 to 64. Many baby boomers arrived when Alaska was awash in oil money during the late 1970s and early '80s, and they will continue to age out of the workforce in the near future.

Health care growth continues with an aging population

An aging population increases demand for health care, and Southeast's health care industry is forecasted to add 50 jobs in 2019.

Health care has grown most years and we expect that to continue unless the population continues to decline or health care policies change at the state or national levels.

Some gains for mining and construction

Southeast is home to two active mines near Juneau, Kensington and Greens Creek, which extract gold and

2

Southeast 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	36,350	36,350	0	0%	36,400	50	0.1%
Natural Resources and Mining	1,000	1,050	50	5.0%	1,100	50	4.8%
Construction	1,350	1,300	-50	-3.7%	1,350	50	3.8%
Manufacturing	1,900	1,900	0	0%	1,900	0	0%
Trade, Transportation, and Utilities	7,050	7,050	0	0%	7,100	50	0.7%
Information	550	550	0	0%	550	0	0%
Financial Activities	1,000	1,000	0	0%	1,000	0	0%
Professional and Business Services	1,650	1,650	0	0%	1,650	0	0%
Educational ³ and Health Services	4,050	4,100	50	1.2%	4,150	50	1.2%
Leisure and Hospitality	4,200	4,150	-50	-1.2%	4,200	50	1.2%
Other Services	1,150	1,150	0	0%	1,100	-50	-4.3%
Government	12,550	12,450	-100	-0.8%	12,300	-150	-1.2%
Federal Government ⁴	1,450	1,450	0	0%	1,450	0	0%
State Government ⁵	4,850	4,750	-100	-2.1%	4,650	-100	-2.1%
Local Government ⁶	6,250	6,250	0	0%	6,200	-50	-0.8%

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

silver. Natural resources and mining employment grew by 50 jobs in 2017 and another 50 in 2018, and we forecast similar growth for 2019.

Construction is also set to add 50 jobs this year, but this is less a sign of recovery than of the industry finding its bottom. At 1,300 jobs in 2018, Southeast's construction employment was at its lowest point since 1992.

Numbers of visitors continue to hit records

Tourism remains one of Southeast's strengths, and the number of cruise ship visitors is anticipated to increase by 16 percent this year with nearly all of the 1,361,400 passengers stopping in Southeast.

With a sizable increase in tourist traffic, the leisure and hospitality industry is forecasted to add 50 jobs.

The outlook is similar for trade, transportation, and utilities, at 50 jobs, after three years of flat or slightly decreased employment. Most of the growth will be tied to tourism, such as sightseeing transportation.

Trade, transportation, and utilities includes retail, another industry that depends on tourism as well as local demand. Retail will likely hold steady in 2019, with strong visitor demand offsetting tepid local demand due to population loss.

Retail in Juneau, the largest community in Southeast and a regional hub, has been through ups and downs in recent years, such as the closure of Walmart and the opening of Sportsman's Warehouse, but no major changes are on the horizon this year.

The fishing outlook is grim for a second year in a row

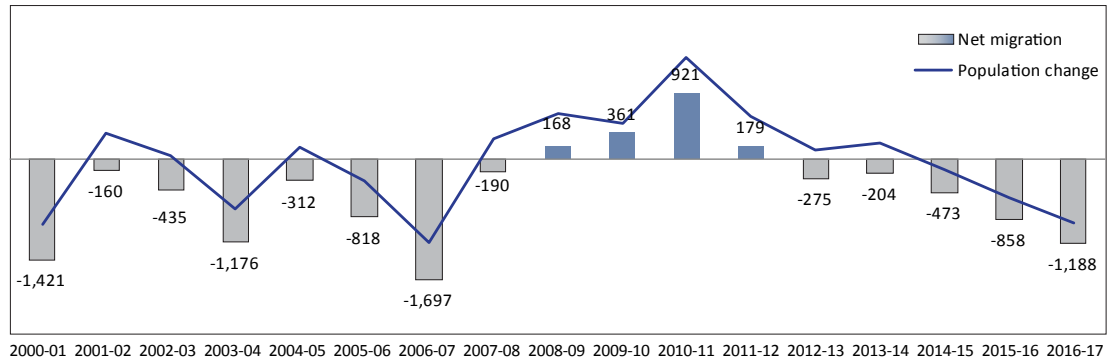
Southeast had weak salmon runs in 2018, with sockeye, coho, and pink harvests coming in at least 50 percent lower than expected.

On the upside, chinook and chum salmon exceeded expectations. While chum (also called keta) is one of the lowest value species, it made up 61 percent of the region's estimated ex-vessel value in 2018, up from 50 percent the year before.

3

Population Declines With Years of Out-Migration

SOUTHEAST ALASKA, 2000 TO 2017



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

This year brings continued challenges. The pink harvest is forecasted at 18 million fish, which would be about half the 10-year average and the lowest odd-year harvest in 32 years. Pink salmon, which have two-year life cycles, produce larger runs during odd years.

The Alaska Department of Fish and Game also expects very low chinook returns in the Taku and Stikine rivers in 2019. While chinook, or king, is one of the smaller harvests in Southeast, it's the highest-value species.

Halibut harvests are expected to be low as well, which could hurt charter fishing.

Commercial fishing jobs aren't included in our estimates because fishermen are mainly self-employed, but weak fish returns will also affect seafood processing and charter fishing employment, and the effects can bleed into other industries. For example, if fishermen have particularly bad years, they have diminished purchasing power in their communities.

Government to shed more jobs, but degree uncertain

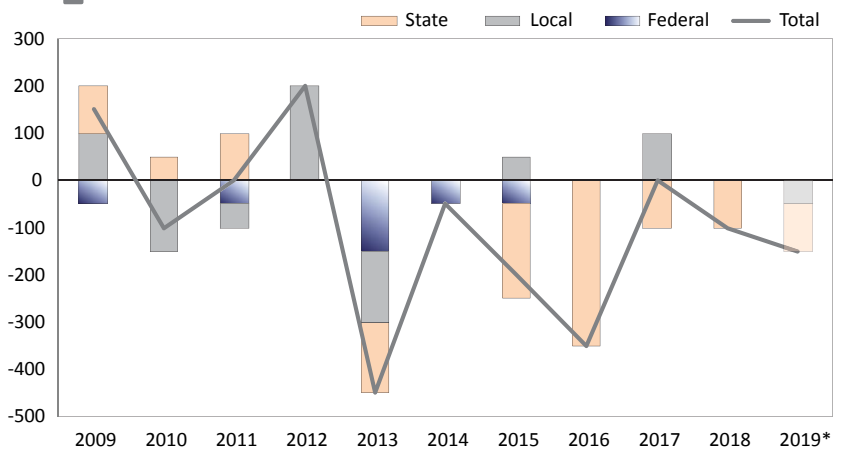
About a third of Southeast's employment is in government, making the region especially vulnerable to cuts.

State government has lost jobs in recent years, and not just during the recession. (See Exhibit 4.) Southeast's state government employment, which includes the University of Alaska Southeast, has declined or remained flat every year since 2011.

4

Downward Trend for Government

SOUTHEAST ALASKA, 2009 TO 2019 FORECAST



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

For 2019 we forecast loss of another 100 jobs, but as mentioned earlier, a lot depends on state policy decisions that are not yet known.

We expect local government to lose 50 jobs in 2019, following the statewide trend, as its funding is now feeling the pinch of the lengthy state recession and regional population loss.

Southeast's federal employment has been stable for several years and is forecasted to remain flat in 2019.

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