

COVID-19's impact on jobs so far

Patterns developing among states after four months

By DAN ROBINSON

July marked the fourth month of jobs data to come out after employment plunged nationwide due to COVID-19. The numbers are preliminary, so we shouldn't make too much of small changes or differences between states, but they're reliable enough to discern a few themes.

Job growth before the pandemic

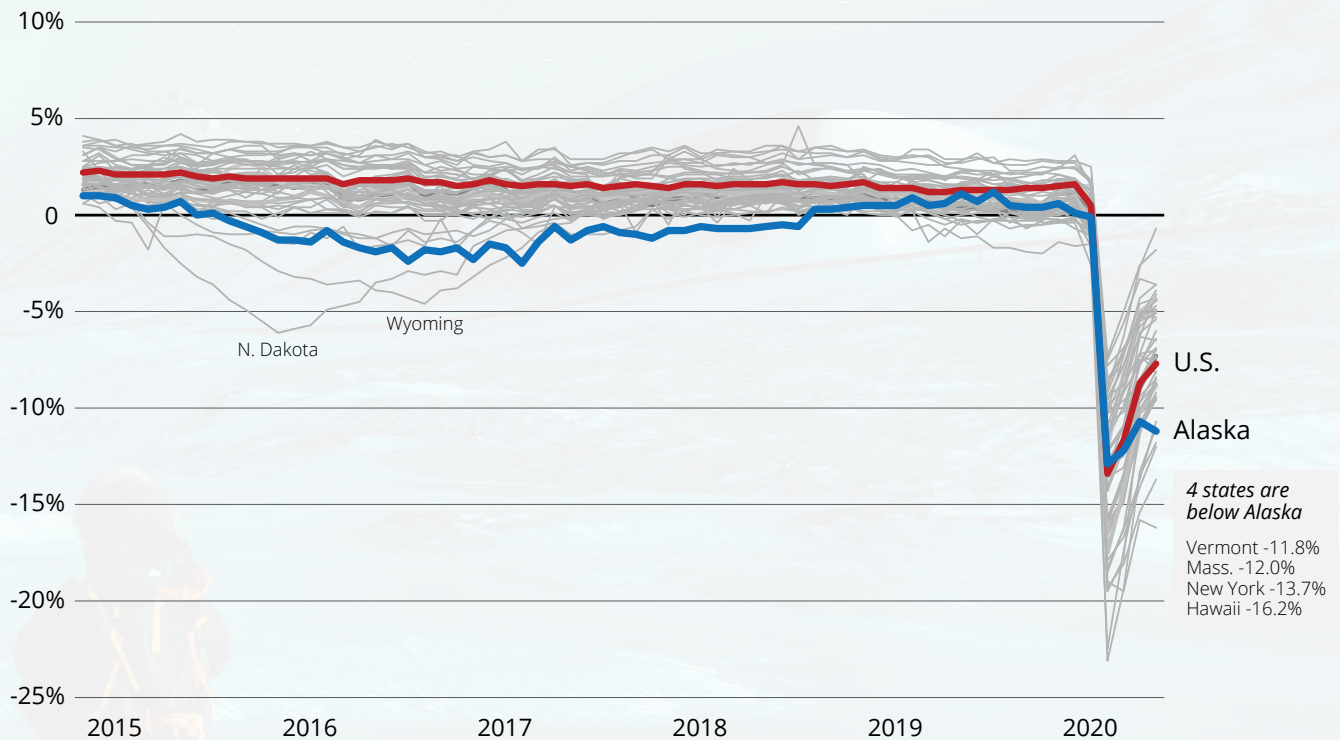
In the years leading up to the pandemic, U.S. job growth was modest by historical standards but remarkable because its growth streak, which began

after the Great Recession of 2007-2009, was the longest on record.

U.S. job growth following that recession was strongest in 2015, then slowed slightly from 2016 through 2019. Overall, though, the U.S. recorded unusually consistent job gains of just under 2 percent per year during that stretch before 2020's big drop.

Alaska, along with Wyoming and North Dakota, lagged the other states during the early part of the 2015-2020 period shown in the graph below. All three states were hit by a dramatic drop in oil prices in 2014 and 2015. North Dakota's and Wyoming's job losses were deeper than Alaska's, but

Percent total job growth or loss by state, 2015 to 2020



Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section; and U.S. Department of Labor, Bureau of Labor Statistics

both states recovered faster. For much of 2017 and 2018, Alaska's employment growth ranked last among states.

Signs of economic weakness appeared in other states in 2019, pushing Alaska up from last place at the beginning of the year to 33rd for job growth heading into 2020. The state's growth remained weak by historical standards, though, and well below U.S. growth as a whole.

The depth of the fall and the strength of the bounce

Alaska's job count fell 12.9 percent below year-ago levels in April, and the U.S. drop was slightly larger at 13.4 percent. Among states, April losses ranged from 7.3 percent for Utah to 23.1 percent for Michigan.

Right away, one of the key questions was how fast states and the nation would bounce back from losses of that magnitude, especially given the once-in-a-century nature of the cause and the fact that the pandemic was ongoing.

Through July, no state has recovered all of the losses, although a few have come close. Nationally, the latest job numbers show over-the-year declines of 7.7 percent in July, which means the U.S. has regained less than half of the lost jobs.

Alaska has seen less recovery, with July employment down 11.2 percent from 2019 — a modest improvement from the 12.9 percent loss in April.

Idaho ranked first among states in July with a loss of just 0.7 percent, followed by Utah at 1.8 percent. Both had less ground to make up than most other states: Idaho's April loss was 9.0 percent and Utah's was 7.3 percent.

As of mid-summer, only four states were worse off

As of July, only four states' losses were steeper

than Alaska's. The grimmest job picture was in Hawaii, still down 16.2 percent from July 2019 levels. New York had the next-largest loss at 13.7 percent, followed by Massachusetts at 12 percent and Vermont at 11.8 percent.

What we can learn from these state comparisons

Every state has a handful of drivers that dictate much of its economic health. Alaska's short list includes oil and gas, federal spending (including the military), fishing, tourism, and mining. To date, the pandemic has hampered tourism most — it was effectively the "season that wasn't" in a state where nearly all tourists visit in the summer.

Oil prices have partially rebounded but jobs have not, and it isn't clear when or if big planned investments will materialize.

The pandemic has also hobbled oil and gas and disrupted the state's fisheries, although it's hard to get a read on those numbers for 2020 because salmon harvesting's biggest months are still ahead.

Largely stable drivers include the federal government — the only sector of the state's economy that's up slightly from year-ago levels — and mining. Mining incurred extra costs to minimize the spread of COVID-19, but the pandemic disrupted its operations and output less than it did other sectors.

Looking forward, the most unsettled and state-specific questions for Alaska concern oil and state government. Oil prices have partially rebounded, but job numbers have not, and it isn't clear when or if some of the big previously planned investments will materialize.

State government depends less on oil to fund its services than it did a few years ago, but oil is still a big part of the budget. Other states' budgets will suffer from a loss of income and sales tax revenue, but Alaska had large budget imbalances to sort out before COVID-19 hit, and that task will be harder now.

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