

Alaska's Economy- Covid, Recovery, & What's Next

Alaska Government Finance Officials Association

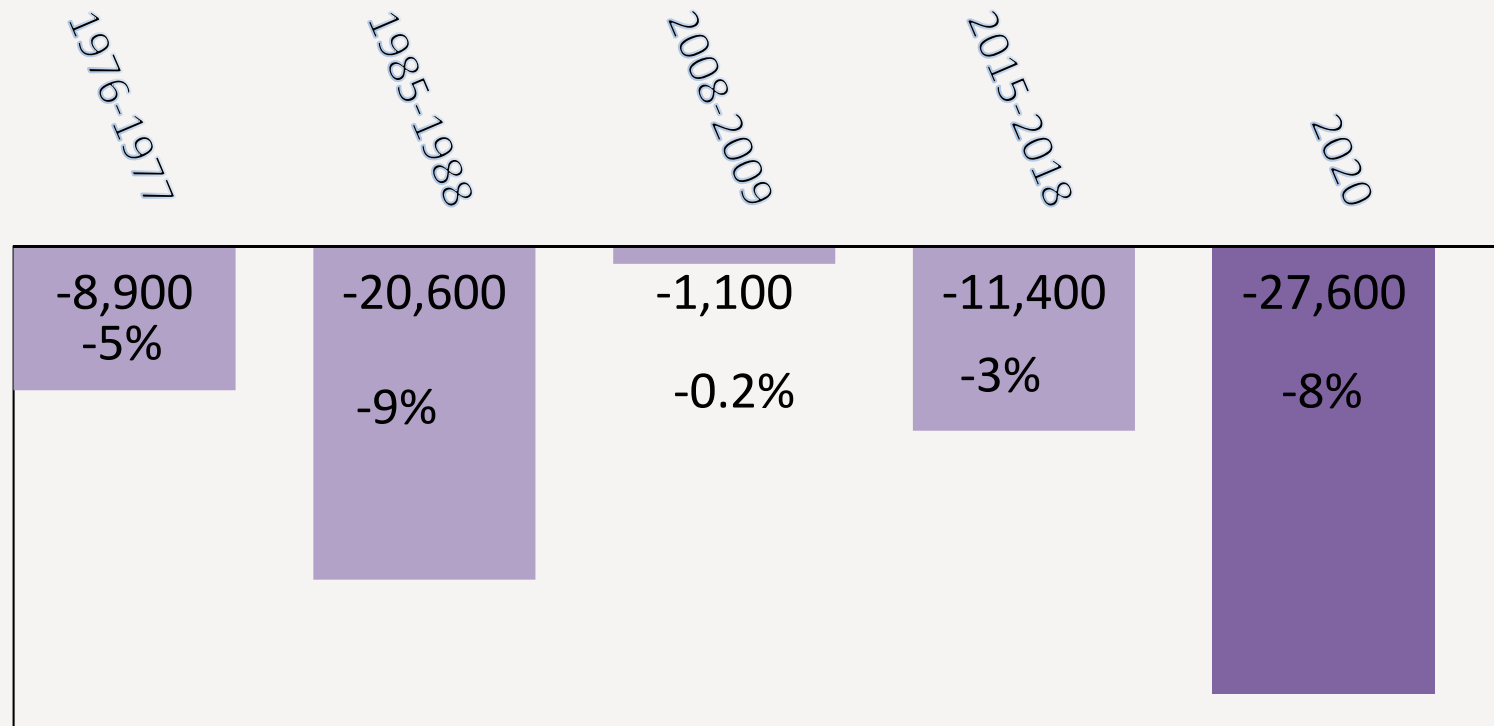
December 6, 2023



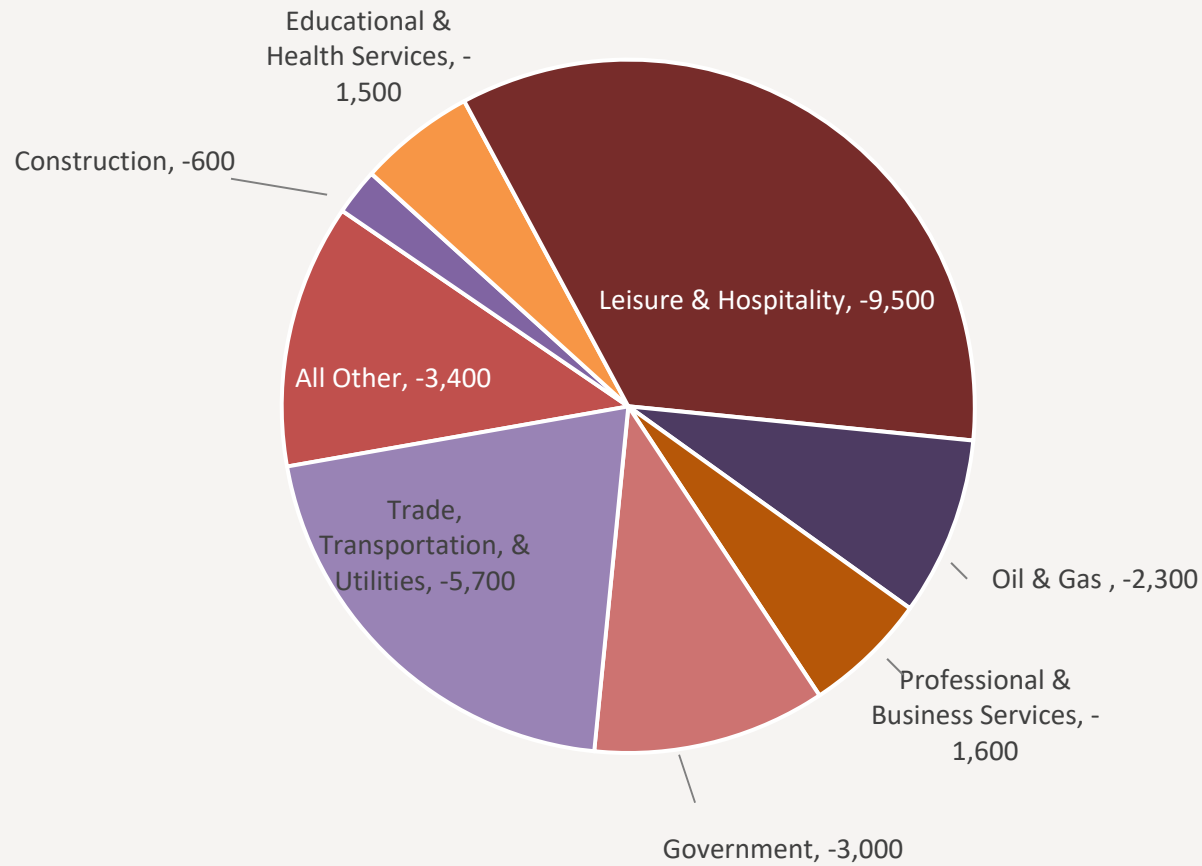
There's a lot to talk about

- Its been a weird couple years
 - Closures, supply chains, worker shortages, industry shifts, consumer habits, inflation, stimulus payments, infrastructure spending, job openings & turnover
- Its not all new
 - Migration, demographics, worker residency, labor force participation
- Burning questions
 - Where are the workers??? What will 2024 bring? How will we handle infrastructure projects?

We've had recessions before, but Covid was different

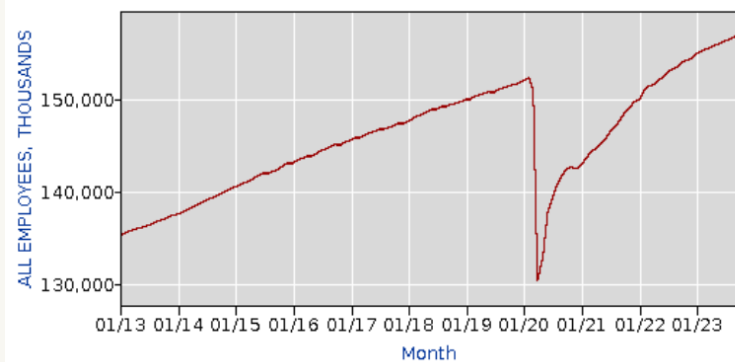


Alaska lost 27,600 jobs in 2020

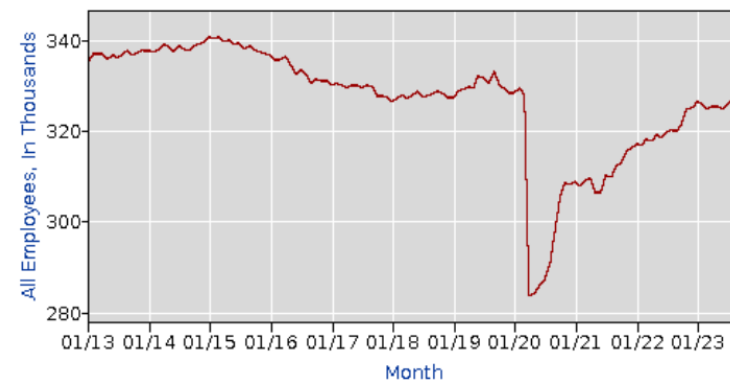


U.S. jobs exceed pre-pandemic, Alaska lags

U.S. Jobs



Alaska Jobs



We were weak going into Covid

2014-2019 job growth compared to other states

Total: -2.6 percent, 48th among states

Utah 17.6 percent; North Dakota -4.9 percent

Private Sector: -2.5 percent, 48th among states

Utah 19.2 percent; North Dakota -6.8 percent

State Government: -12.1 percent, last among states

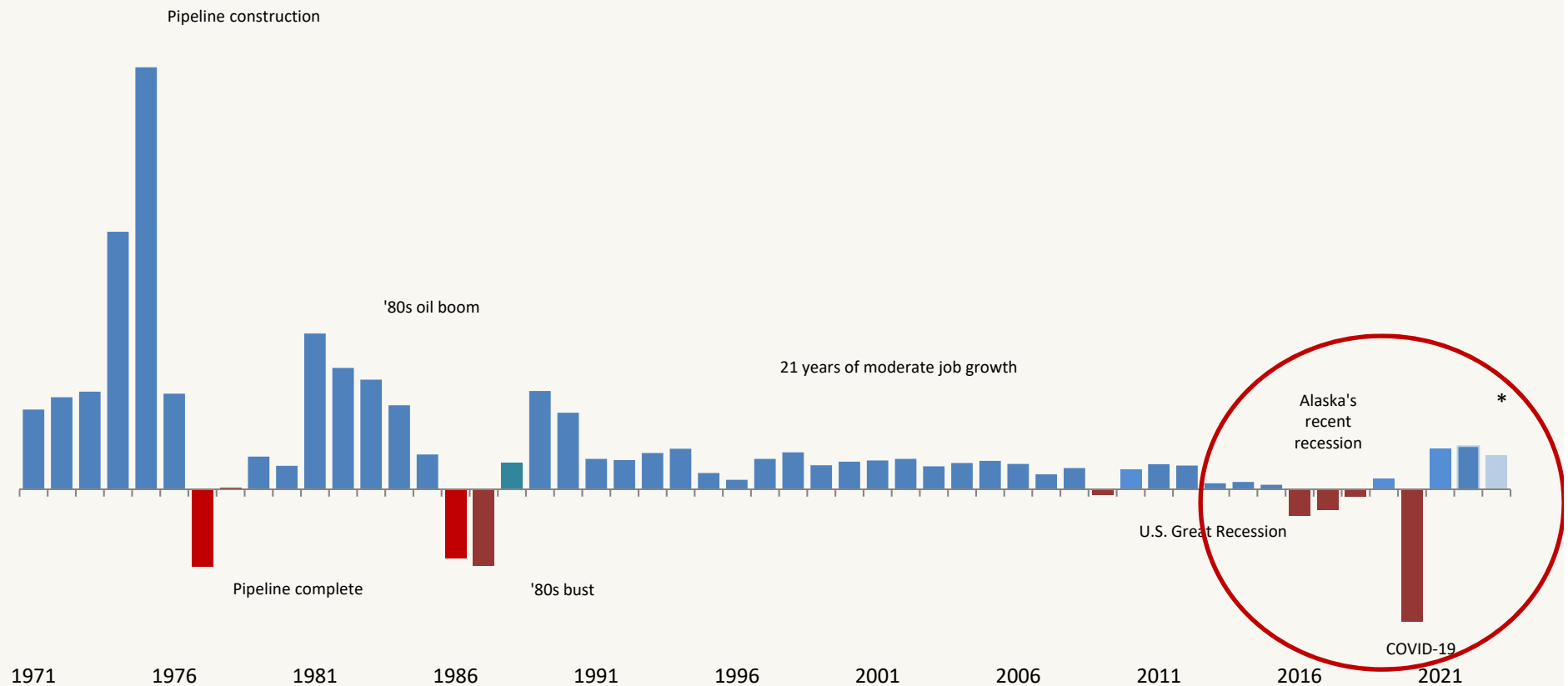
Colorado 19.2 percent; next-to-last, Kentucky -8.7 percent

State University: -18.8 percent, last among states

Colorado 19.9 percent; second-to-last, Kentucky -16.0 percent

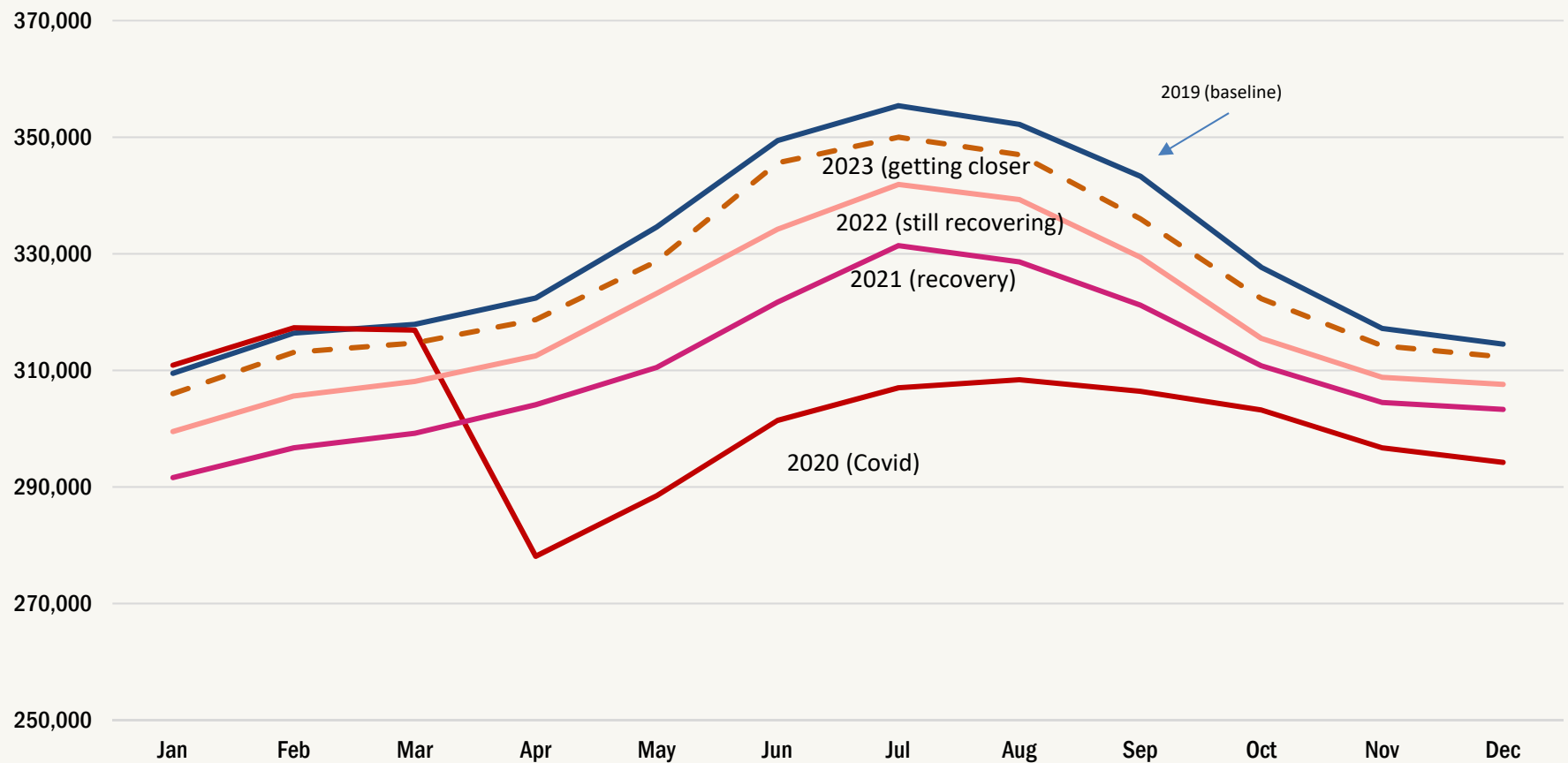
Job growth slowed in 21st century

Both a recession and a pandemic in the last ten years



Recovery the last couple years

Slow but steady

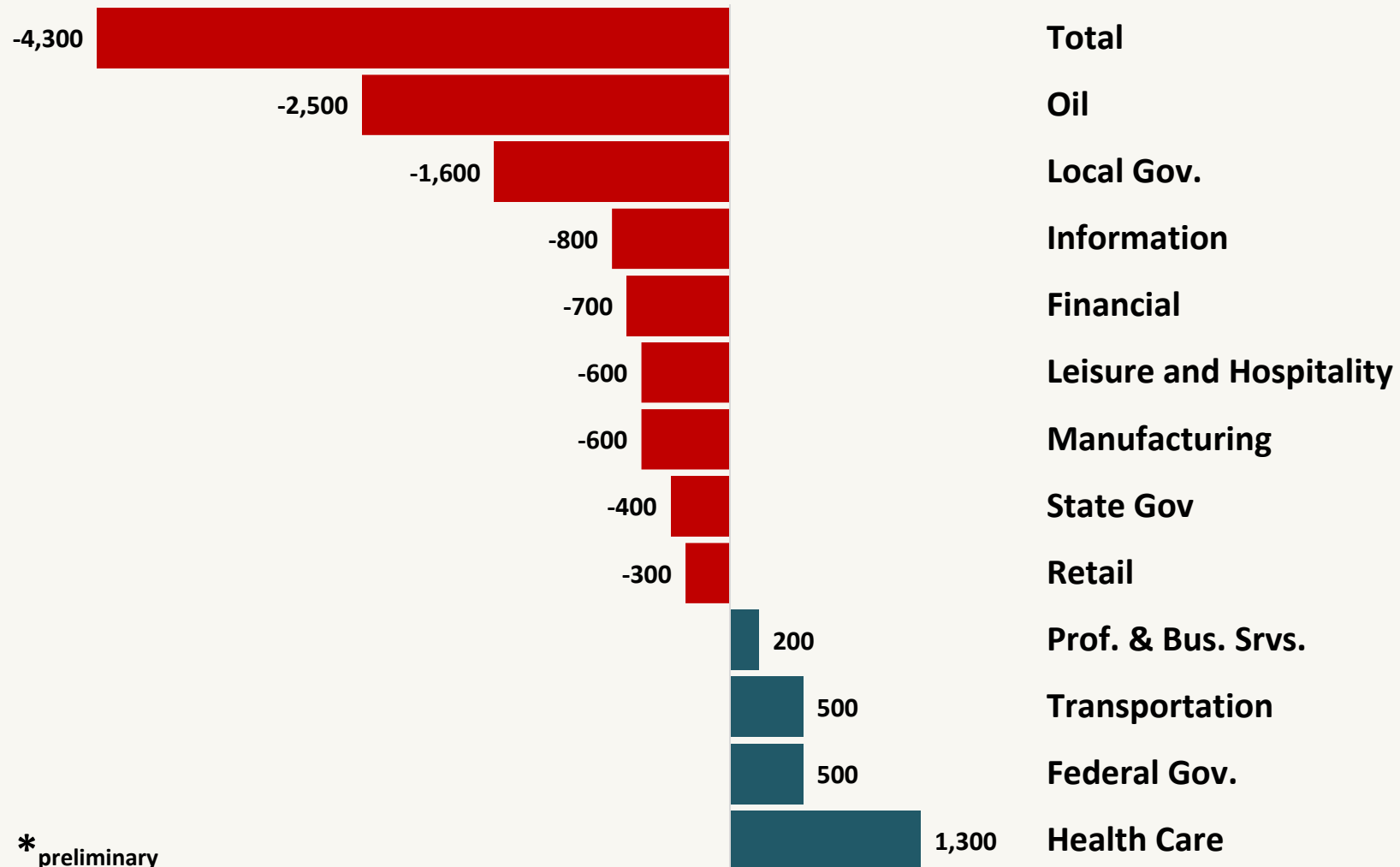


Where are we now?

- Getting closer to recovered
- Some exceptions
 - Oil and gas
 - Local/state gov (particularly public education)
 - A couple industries that are dealing with long term decline (changes in how we do business?)
 - Information & Financial Services

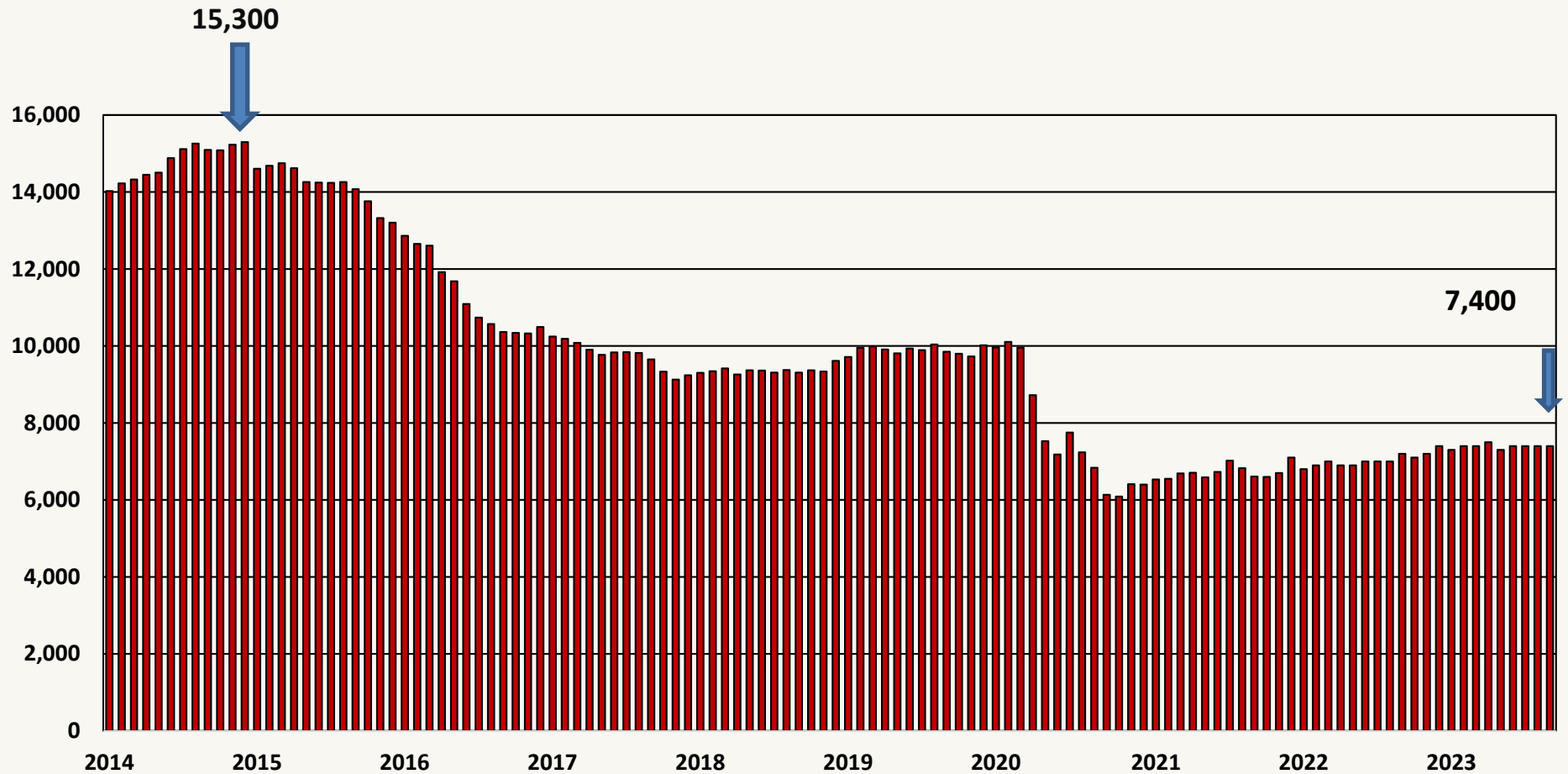
At this point, most industries are still in the hole

Change in jobs from 2019 to 2023*



* preliminary

Alaska's oil industry struggles to regain jobs



We have good things on the horizon

Tourism, mining, and oil & gas are all poised for growth

Major federally funded infrastructure projects in the works

What have we got?

A comparative advantage in being “Us”

- Oil & gas
- Gold, silver, zinc, lead, molybdenum, rare earth minerals, etc.
- Seafood
- Glaciers, bears, eagles, salmon streams, mountains, lush green forests, massive bird migrations, rich cultural history and heritage, clean and cool summer air, ...

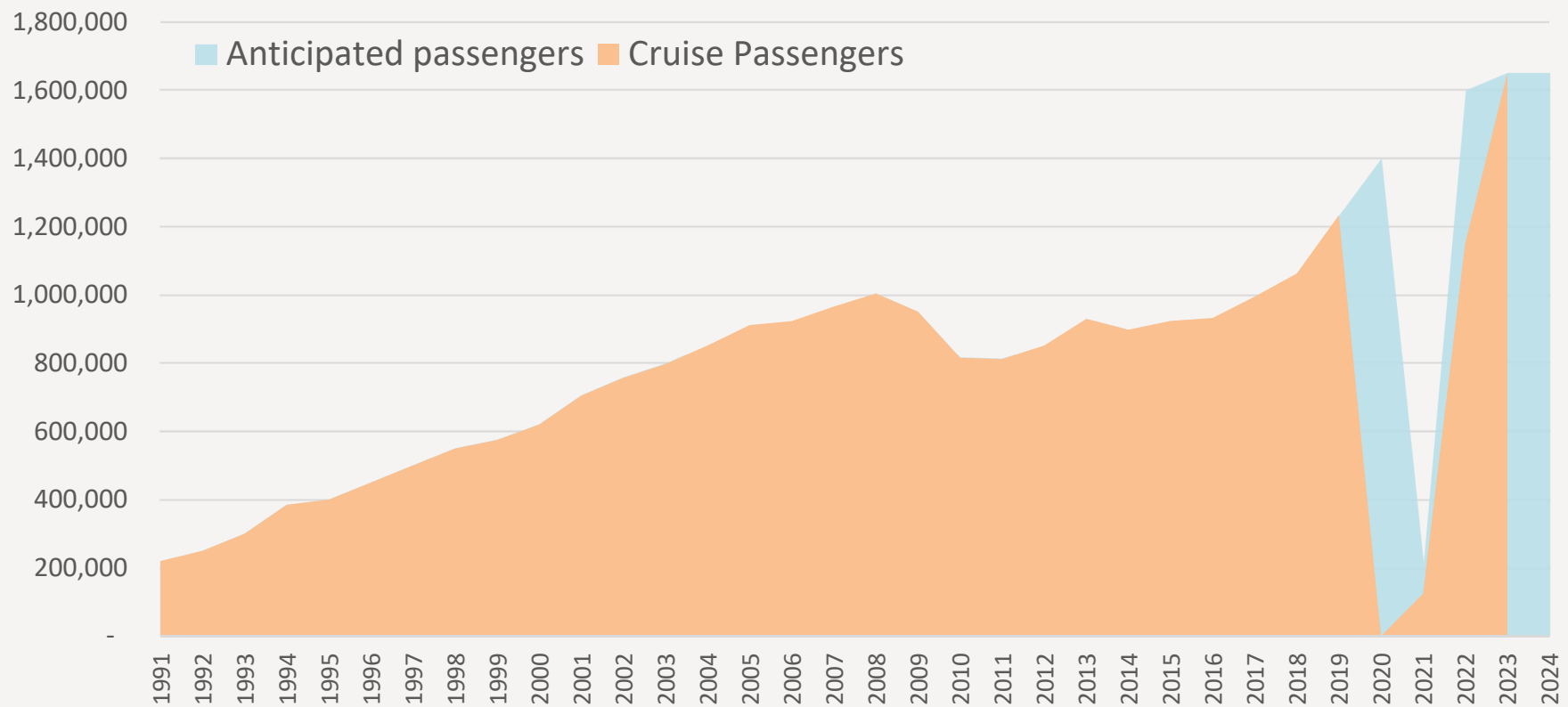
What have we got?

A comparative advantage in being “Us”

- Strategic national defense location (army, air force, coast guard, missile defense facilities)
- Mid-point location between large international buyers and sellers
- Emerging northern sea transportation routes

People want to come here

Cruise Ships Passengers



Extraction possibilities in development

N The Nome Nugget

Department of Defense awards Graphite One \$37.5 million

Graphite One is getting a big injection of taxpayer dollars to support its mine development. The U.S..

Jul 18, 2023



AP AP News

Judge in Alaska upholds Biden administration's approval of the massive Willow oil-drilling project

A federal judge on Thursday upheld the Biden administration's approval of the Willow oil-drilling project on Alaska's remote North Slope.



AK Alaska Public Media

A large gold mine you've probably never heard of is quietly preparing to start production in Interior Alaska, despite ...

As the state begins looking beyond fossil fuels, mining companies are quietly preparing to take over its highways.

Jul 26, 2023



OT Offshore Technology

Pikka Oil Field, Alaska, USA

Pikka, an onshore oil field, located on the North slope of Alaska, US, is anticipated to start production in 2026.

Apr 4, 2023



ADN Anchorage Daily News

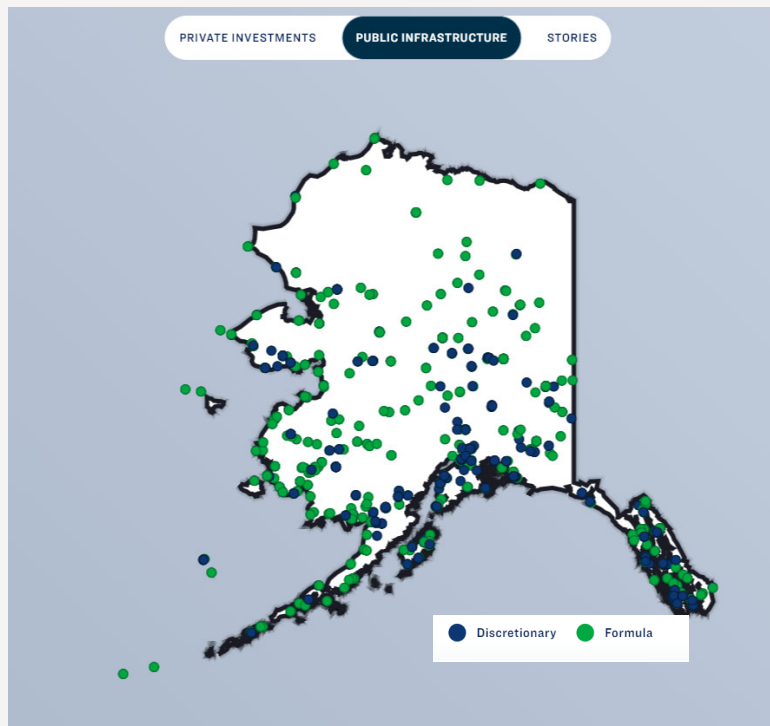
Operator of Red Dog zinc mine in Northwest Alaska advances plans that could lead to large expansion

Red Dog, one of the world's largest zinc mines, is located about 500 miles northwest of Anchorage, near the villages of Kivalina and Noatak. The...

Jun 16, 2022



We're getting a lot of federal infrastructure money



INVESTING IN AMERICA

INVEST.GOV

INTERNET FOR ALL

The Biden-Harris Administration is committed to connecting everyone in America to affordable, reliable high-speed internet.



\$1.9B
in funding from the Biden Administration to provide affordable, reliable high-speed internet to everyone in Alaska.



22.1K
households in Alaska are saving \$30-75 per month on high-speed internet through the Affordable Connectivity Program under the Biden Administration.

Share



Funding figures represent compilations of relevant programs from the Bipartisan Infrastructure Law, American Rescue Plan, Consolidated Appropriations Act, and annual budgets.

INVESTING IN AMERICA

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INVESTING IN AMERICA

\$6.5 Billion

in public infrastructure and clean energy investments in Alaska under the Biden Administration, including:



\$3.4B
announced for transportation investments in roads, bridges, public transit, ports and airports, as well as electric school and transit buses, EV charging, and more.



\$376.4M
announced for grants, rebates, and other initiatives to accelerate the deployment of clean energy, clean buildings, and clean manufacturing. This is not inclusive of the clean energy tax incentives from the Inflation Reduction Act.



\$460.9M
announced to make our communities more resilient to climate change and other threats.



\$385.7M
announced to provide clean water across Alaska and improve water infrastructure. This includes \$57M dedicated to lead pipe and service line replacement.

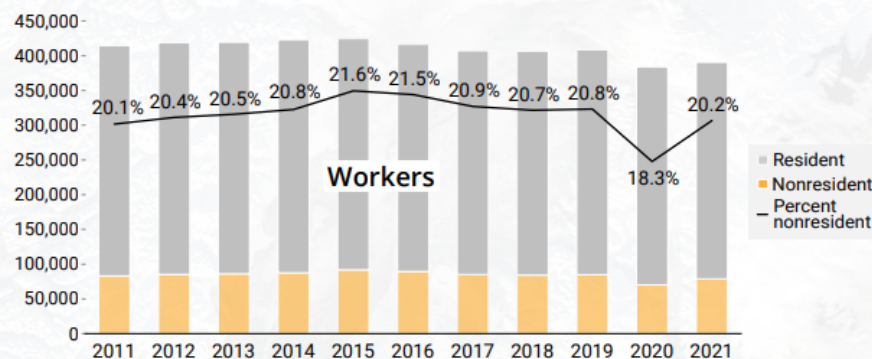
What's working against us?

There are a couple things that don't help....

What are we up against?

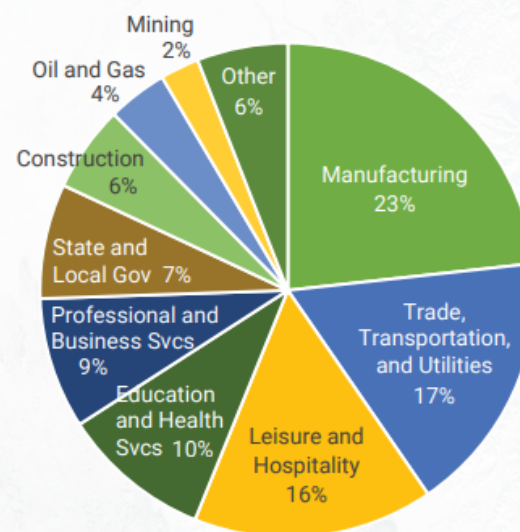
A lot of our workers come from out of state

Workers and nonresidency, overall

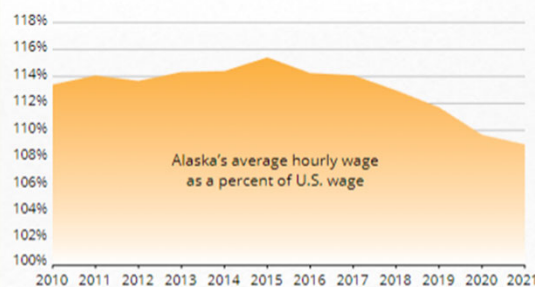


These workers also have job opportunities at home-
What's going to attract them?

Where nonresidents work



Alaska, U.S. wage gap is shrinking

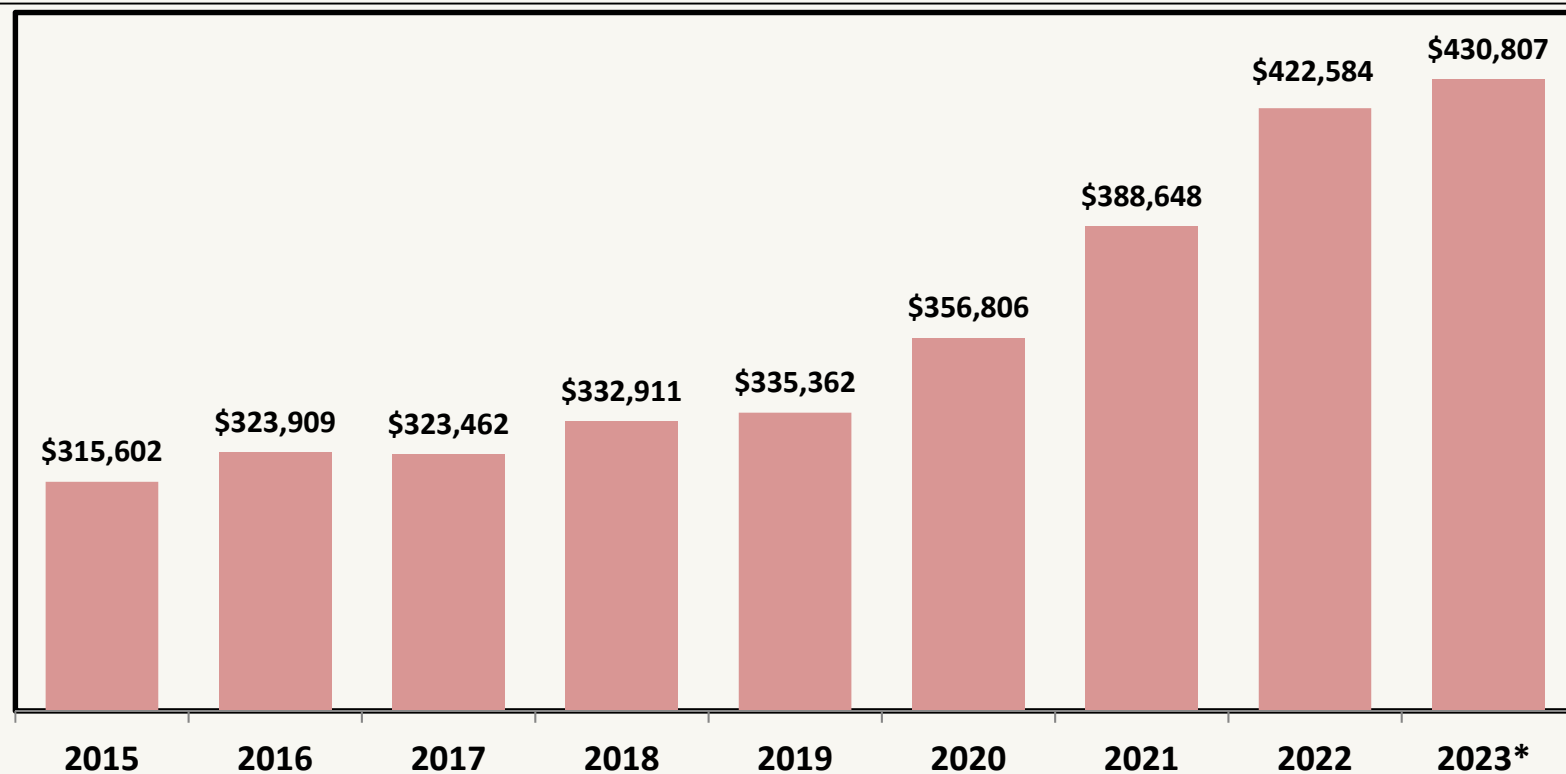


What are we up against?

Home prices surge



Statewide single family homes

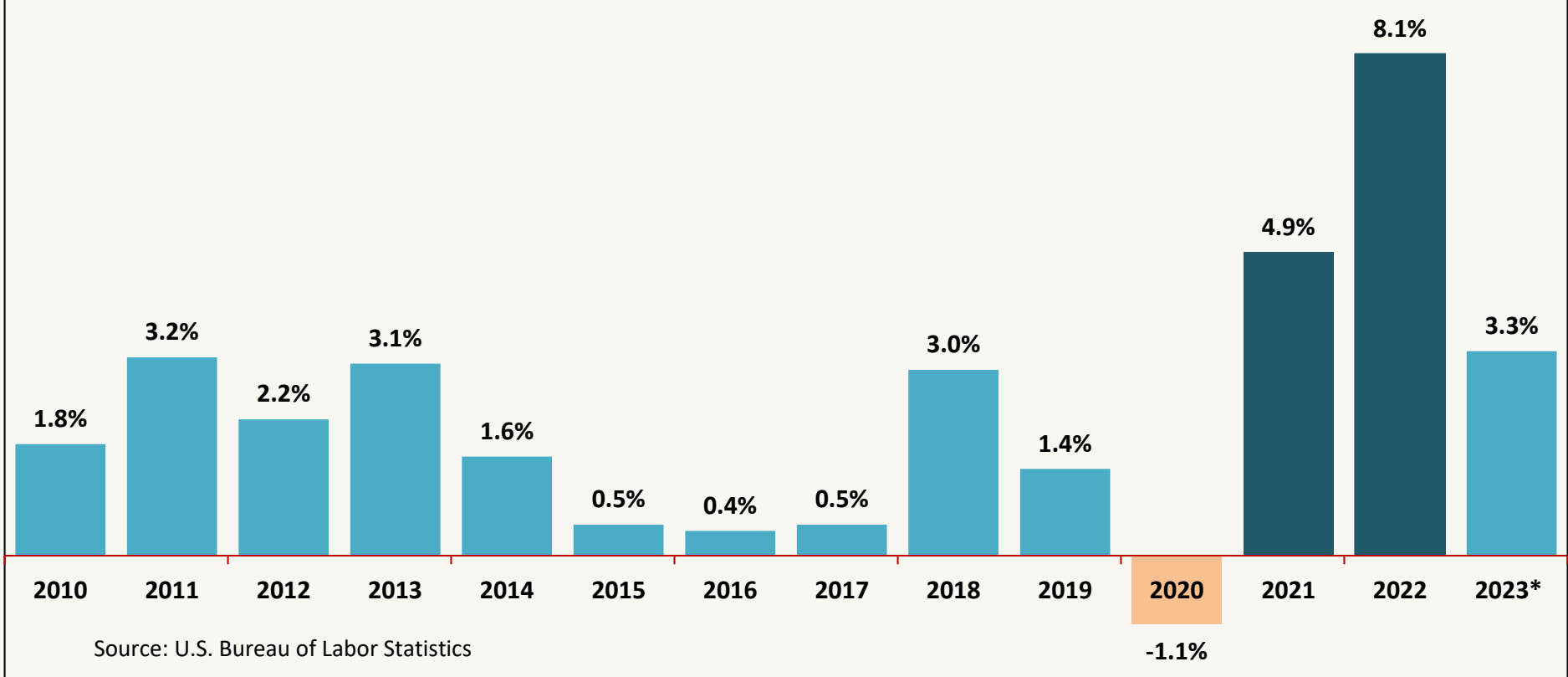


What are we up against?

Prices are high, but inflation is falling

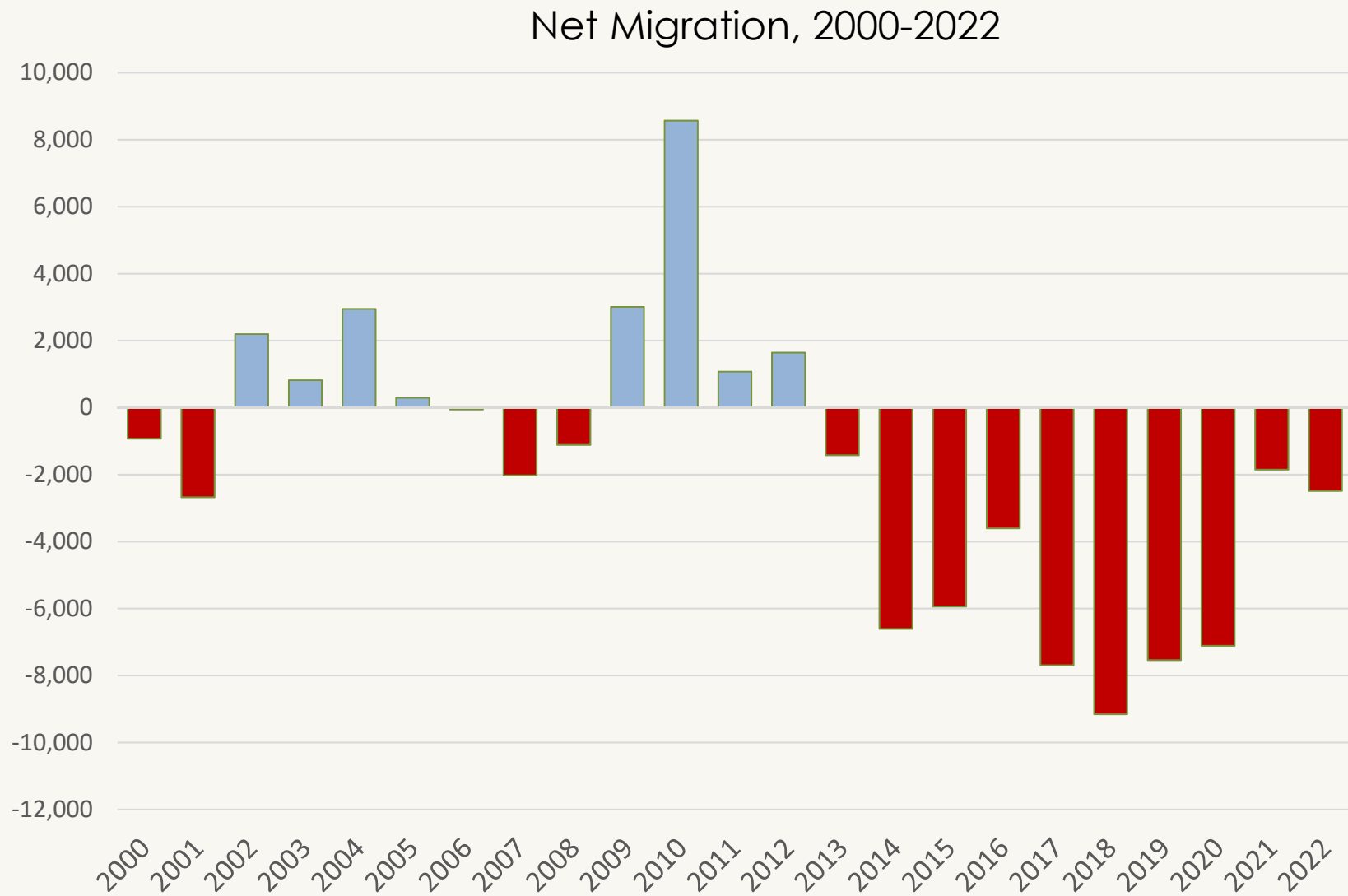


Urban Alaska CPI-U



We've been losing people

More people have been leaving than coming



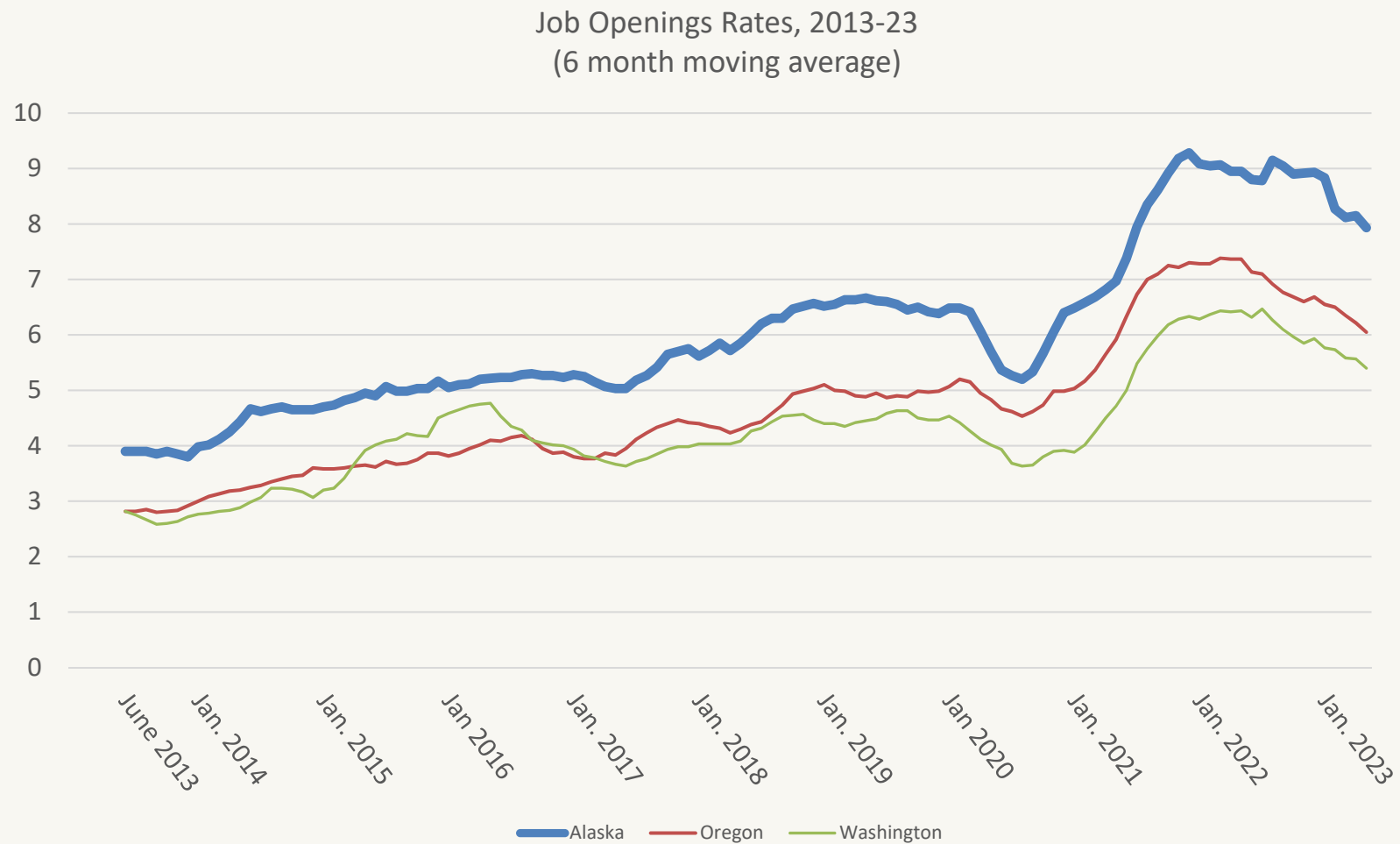
Where did this worker shortage
come from? I don't remember a
problem before covid...

Why is it so hard to find workers?

There hasn't been a job market that offers so much opportunity to job seekers since the late '40 & 50s (post WWII)

They have options

High rates of job openings in Alaska and the nation

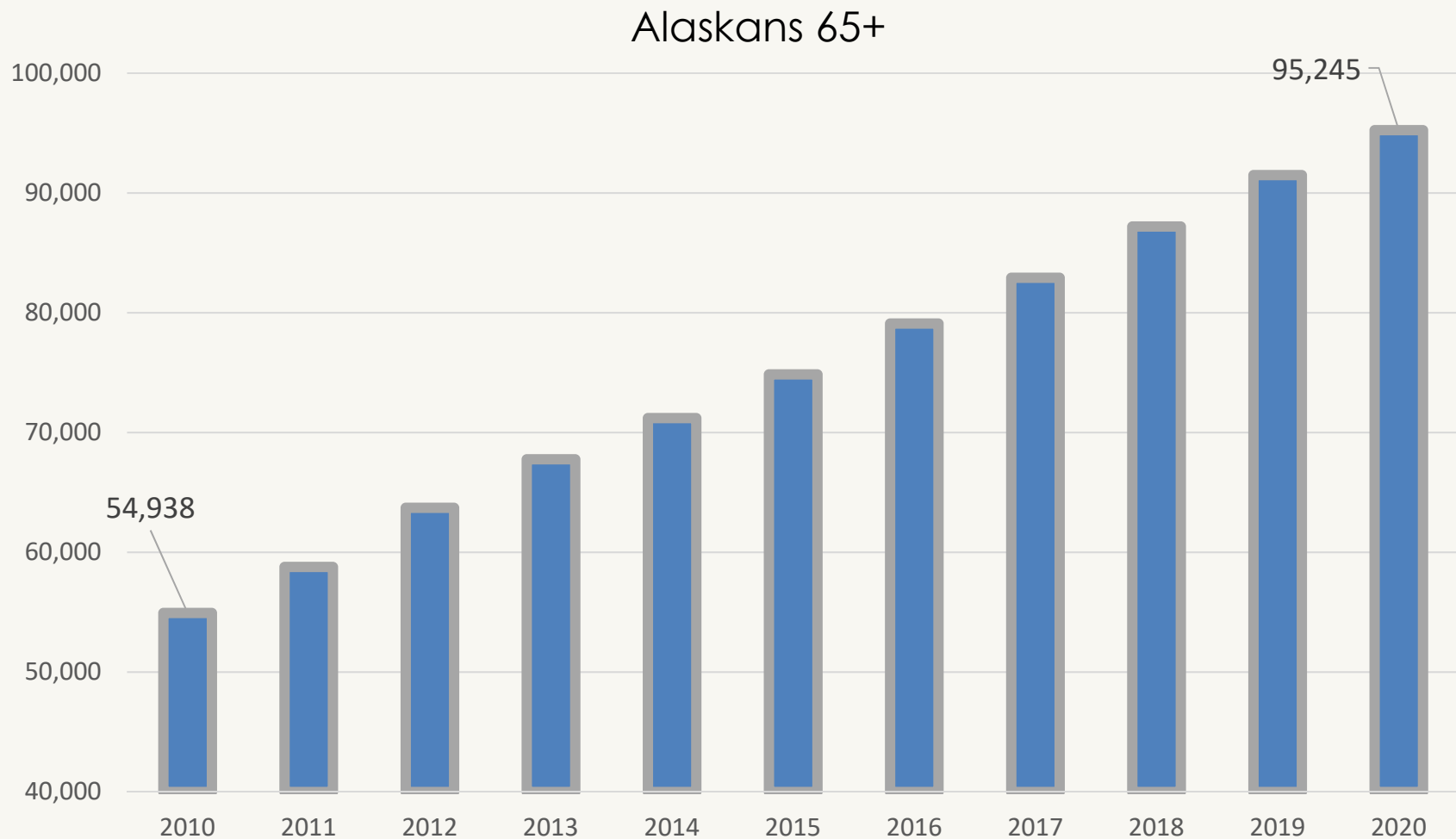


It wasn't just the pandemic

Labor force participation in Alaska down since 2000

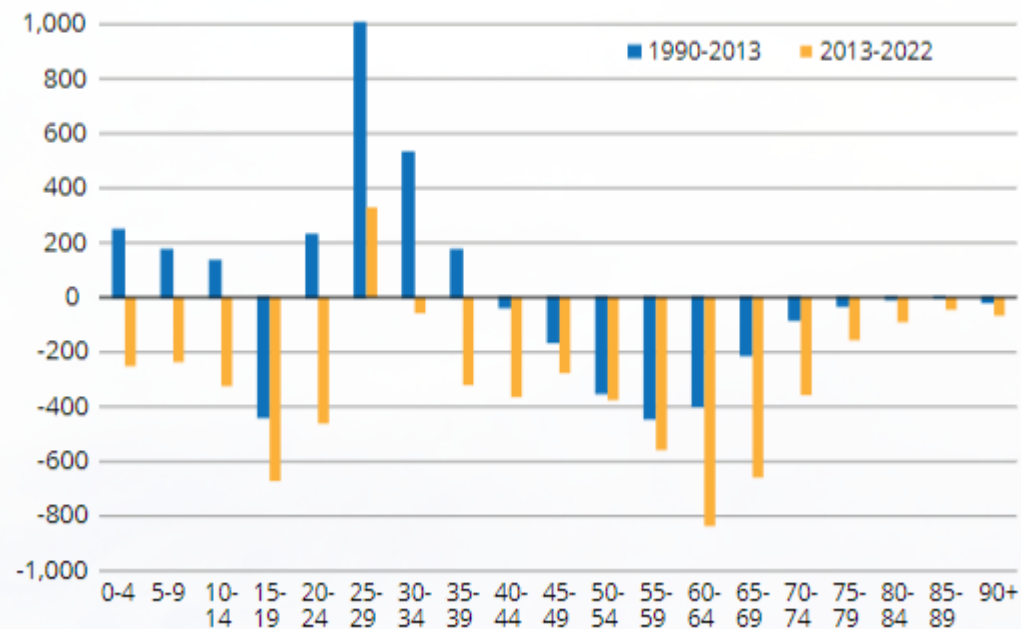


Boomers were aging out ...



We used to attract young people
In the last ten years we are net losers for all most all

Yearly net migration declines in all age groups



How do we compare to our neighbors?

Job growth and working-age population change

Alaska Working-Age Pop. Change 2013-2022: -6.3% (30K!)

Alaska Employment Change 2013-2022: -5.0%

Oregon Working-Age Pop. Change 2013-2022: +5.4%

Oregon Employment Change 2013-2022: +16.1%

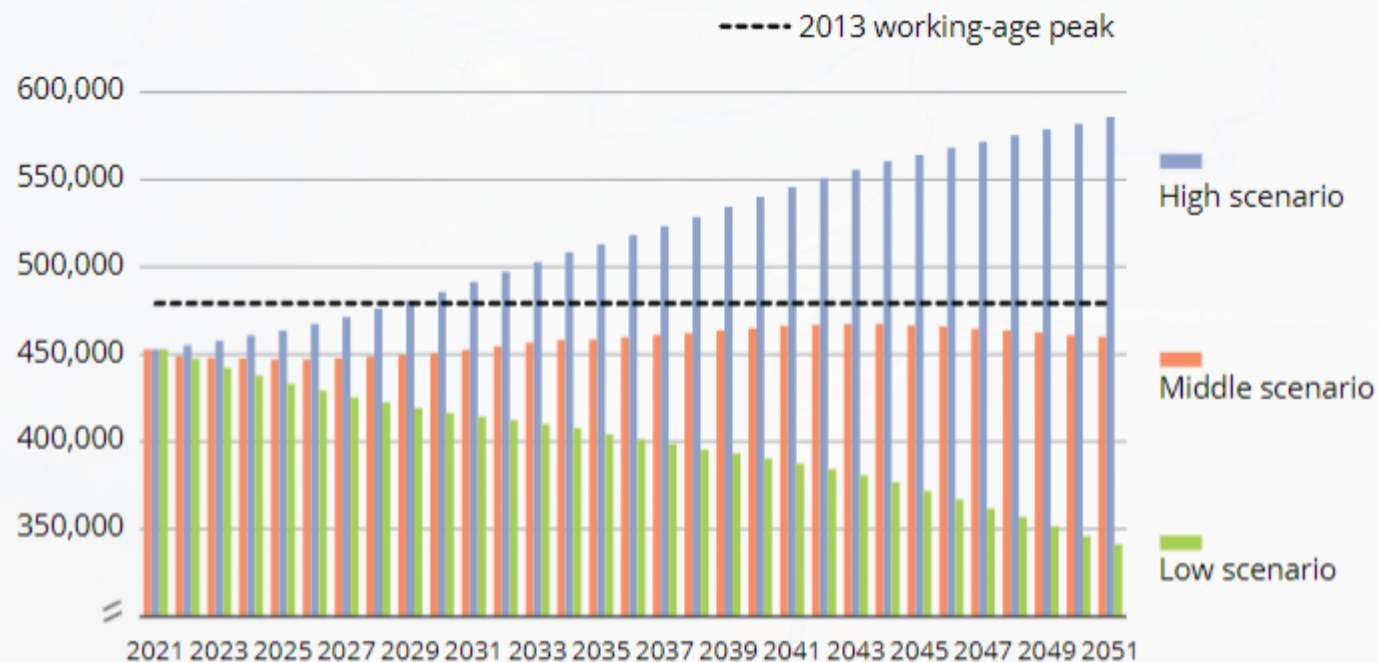
Washington Working-Age Pop. Change 2013-2022: +8.6%

Washington Employment Change 2013-2022: +18.3%

Is it going to change soon?

Working age population likely to stay below 2013

3 scenarios for the size of the future working-age population



Where does that leave us?

It's more than just a COVID thing, although the pandemic and the country's response to it added to the imbalance between job openings and available applicants.

Our long-term demographic trends, including migration, have limited our available workforce.

What can employers do about it?

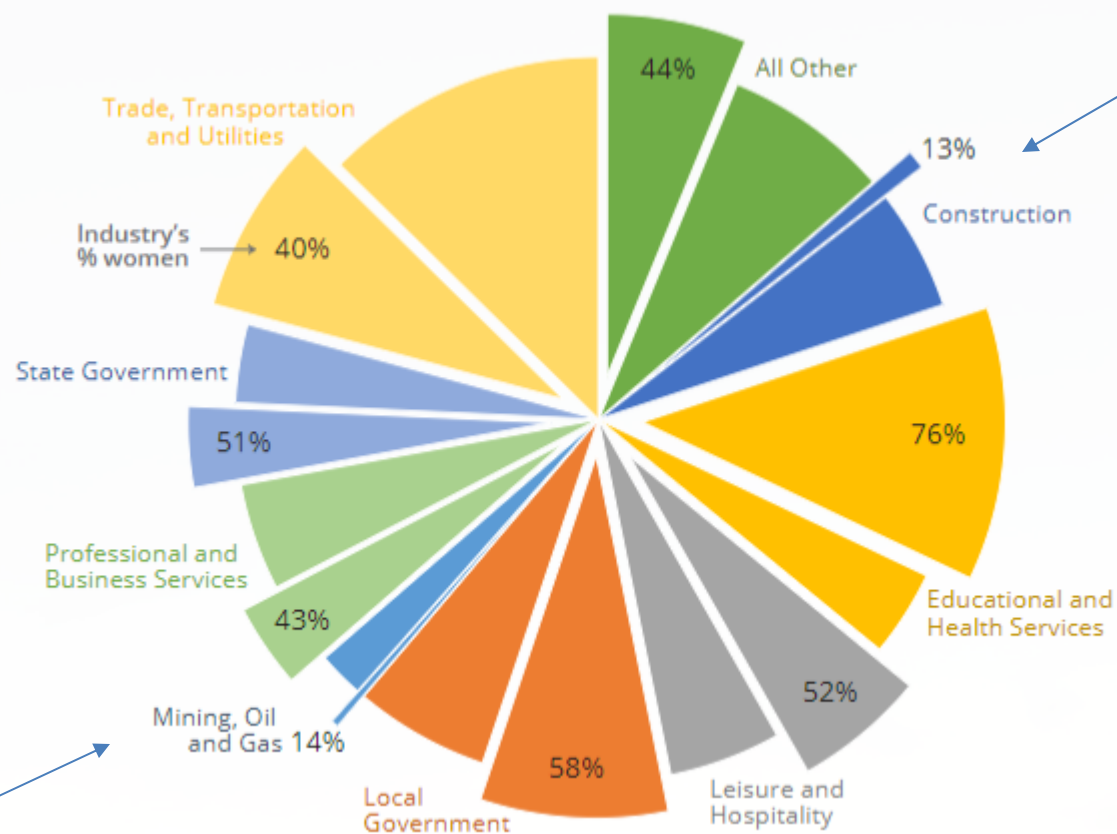
Give job seekers more of what *they* say they want:

- Money
- Opportunities for advancement
- Meaningful work, respect
- Flexibility
- Child care solutions and other creative as well as traditional benefits

Explore alternatives to your traditional workforce

Women are under represented in several growth industries

A few Alaska industries are over half women



87% are men

86% are men

If all you remember is this ...

It isn't likely to change soon- this **unusual & fairly extreme imbalance** between employment opportunities and available trained, qualified, and willing applicants **is going to be with us for a while.**

Questions/Comments

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BTW Neal says hi

