



ALASKA ECONOMIC
TRENDS

JULY 2020

ALSO INSIDE

COVID-19:
Who has gone
back to work?

**THE COST
of LIVING**



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ON THE COVER:

Locally grown beefsteak
tomatoes sold at an Anchorage
grocery store, photo courtesy of
Flickr user Wonderlane

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ALASKA
DEPARTMENT of LABOR
and WORKFORCE
DEVELOPMENT

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ALASKA ECONOMIC TRENDS

4 THE COST
OF LIVING

13 WHO'S GONE
BACK TO WORK

15 GAUGING
THE ECONOMY

Trends is a nonpartisan, data-driven magazine
that covers a range of economic topics in Alaska.

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ON THIS SPREAD: The background image for 2020 is the aurora borealis in the arctic in Alaska, taken by Noel Bauza.

The Cost of Living in Alaska

2019 inflation modest, April brings historic -2.5% deflation

By NEAL FRIED

Alaska's inflation was low in 2019, but data through April of this year show prices took a sharp downward turn with the pandemic.

Prices rose 1.4 percent last year — the 10-year average is 1.8 percent — but April's index registered -2.5 percent deflation from last April. While prices have fallen modestly before, this was the largest deflation Alaska's consumer price index has recorded, as far back as 1960.

Specifically, energy prices fell 22 percent in early 2020 due to the oil price collapse, causing transportation and housing costs to decline as well.

Demand for many goods and services plunged globally in March as the economy began to shut down to slow the spread of the coronavirus. Prices typically fall when demand drops and supply remains high. Some of the declines will be temporary, but we won't know how much until later this year.

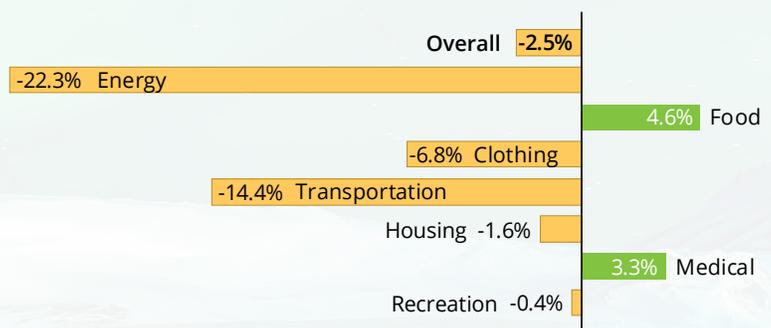
Clothing costs fell in 2019, and health care rose the most again

April 2020's 6.8 percent drop in clothing prices was a continuation of 2019's decline. Last year, clothing costs fell 8.3 percent, which was the largest-ever decrease.

Urban Alaska prices rose 1.4% in 2019 ...



... then dropped in April 2020 with pandemic

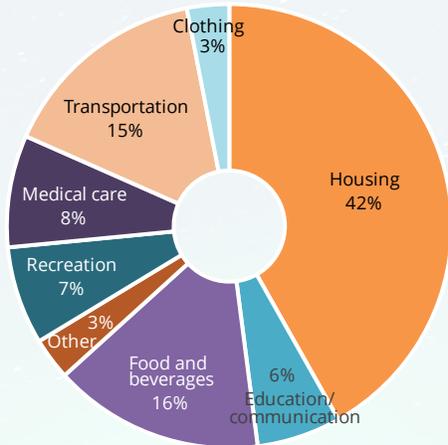


Source: U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index for Urban Alaska (CPI-U)

Apparel is a highly competitive market, with large parts of the world vying to make clothes for U.S. sale. The ongoing battle between brick-and-mortar stores and online shopping has also continued to reduce expenses.

The cost of medical care went up last year, as it has nearly every year, increasing 6.6 percent.

How Alaska households spent their money in 2019



Source: U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index for Urban Alaska (CPI-U), December 2019

Consumer price index shows changes in purchasing power

The Consumer Price Index for Urban Alaska is Alaska's only measure of inflation. It's based mostly on Anchorage, but it has ramifications statewide. The minimum wage is adjusted annually according to this index. Inflation also figures into bargaining agreements, wage negotiations, child support payments, and real estate contracts. (See the sidebar on the next page for more on how the CPI is used.)

In general, the CPI only shows change in costs in a single area over time, but it's also useful for calculating change in the value of the dollar. It can help you track your purchasing power over time or figure out whether something was a better deal earlier. For example, in 2010, renting an apartment in Sitka was \$1,132 a month on average. In 2019, the same apartment would have rented for \$1,301. But while rent was lower in 2010, it wasn't a better deal back then. In 2019 dollars, that apartment rented for \$1,327 in 2010.

Try our inflation calculator at: <https://live.laborstats.alaska.gov/cpi/calc.cfm>.

Although the consumer price index can't be used to compare costs between places, a range of other data sources are available for comparing Alaska to the nation and

Urban Alaska and U.S. metro inflation by category, 2009 to 2019

Year	ALL ITEMS		ALL ITEMS MINUS HOUSING	
	Urban AK % chg from previous yr	U.S. % chg from previous yr	Urban AK % chg from previous yr	U.S. % chg from previous yr
2009	1.2%	-0.4%	0.6%	-1.0%
2010	1.8%	1.6%	1.5%	2.6%
2011	3.2%	3.2%	3.4%	4.0%
2012	2.2%	2.1%	1.7%	2.0%
2013	3.1%	1.5%	3.0%	1.1%
2014	1.6%	1.6%	1.0%	1.1%
2015	0.5%	0.1%	-0.3%	-1.3%
2016	0.4%	1.3%	0.3%	0.2%
2017	0.5%	2.1%	1.1%	1.5%
2018	3.0%	2.4%	3.7%	2.0%
2019	1.4%	1.8%	1.9%	1.0%

Year	HOUSING	
	Urban AK % chg from previous yr	U.S. % chg from previous yr
2009	3.7%	0.4%
2010	0.9%	-0.4%
2011	2.9%	1.3%
2012	2.7%	1.6%
2013	3.1%	2.1%
2014	2.7%	2.6%
2015	2.4%	2.1%
2016	0.9%	2.5%
2017	0.3%	3.0%
2018	1.8%	2.9%
2019	1.2%	2.9%

Year	TRANSPORTATION	
	Urban AK % chg from previous yr	U.S. % chg from previous yr
2009	-4.8%	-8.3%
2010	4.4%	7.9%
2011	4.7%	9.8%
2012	2.0%	2.3%
2013	7.0%	0%
2014	-0.6%	-0.7%
2015	-6.8%	-7.8%
2016	-1.7%	-2.1%
2017	2.4%	3.4%
2018	7.0%	4.5%
2019	0.2%	-0.3%

Year	FOOD AND BEVERAGES	
	Urban AK % chg from previous yr	U.S. % chg from previous yr
2009	-0.2%	1.9%
2010	-0.2%	0.8%
2011	3.6%	3.6%
2012	2.4%	2.6%
2013	0.4%	1.4%
2014	1.3%	2.3%
2015	1.7%	1.8%
2016	-0.7%	0.3%
2017	-0.05%	0.9%
2018	0.05%	1.4%
2019	2.7%	1.8%

Year	MEDICAL CARE	
	Urban AK % chg from previous yr	U.S. % chg from previous yr
2009	4.3%	3.2%
2010	5.7%	3.4%
2011	5.3%	3.0%
2012	4.3%	3.7%
2013	3.2%	2.5%
2014	3.2%	2.4%
2015	3.3%	2.6%
2016	4.5%	3.8%
2017	1.5%	2.5%
2018	7.6%	2.0%
2019	6.6%	2.8%

Year	CLOTHING	
	Urban AK % chg from previous yr	U.S. % chg from previous yr
2009	3.6%	1.0%
2010	3.0%	-0.5%
2011	2.2%	2.2%
2012	4.3%	3.4%
2013	4.8%	0.9%
2014	1.5%	0.1%
2015	0.5%	-1.3%
2016	2.6%	0.1%
2017	0.3%	-0.3%
2018	2.0%	0.03%
2019	-8.3%	-1.3%

Year	ENERGY	
	Urban AK % chg from previous yr	U.S. % chg from previous yr
2009	-7.8%	-18.4%
2010	3.5%	9.5%
2011	10.8%	15.4%
2012	1.1%	0.9%
2013	-2.7%	-0.7%
2014	2.4%	-0.3%
2015	-10.3%	-16.7%
2016	-5.8%	-6.6%
2017	12.3%	7.9%
2018	8.0%	7.5%
2019	1.5%	-2.1%

Source: U.S. Department of Labor, Bureau of Labor Statistics

Two ways to measure the cost of living

1. In one place over time (inflation)

Alaska has a single measure to track inflation, or how much prices have changed: the Consumer Price Index for Urban Alaska.

Although there's a national consumer price index and CPIs for 31 cities and larger areas around the country, these only track costs over time in a single area and can't be used to compare costs between areas. For example, 2019's index for Alaska was 228.676, and the national index was 255.657. This doesn't mean the cost of living in the U.S. was higher; it just means prices have increased a bit faster in the nation as a whole since the early 1980s than they have in Alaska cities.

The U.S. Bureau of Labor Statistics produces the CPI through elaborate surveys of consumer spending habits. These surveys cover a "market basket" of common items, to which BLS assigns location-specific "weights" to determine how people spend their money. (The pie chart on the previous page shows Alaska households' typical expenditures in 2019.) The categories include housing, food, transportation, medical care, and entertainment. In most categories, Alaska's weights tend to resemble the national values, but recreation is an exception. The average American spends less than 6 percent on recreation, and the average Alaskan spends more than 7 percent.

The inflation rate is also used to adjust the value of the dollar over time. Workers, unions, and employers watch the CPI because bargaining agreements and other wage rate negotiations often incorporate an adjustment for inflation. The CPI also plays a role in long-term real estate rental contracts, annual adjustments to the state's minimum wage, child support

payments, and budgeting. The Alaska Permanent Fund Corporation uses the CPI to inflation-proof the fund, and senior citizens are affected nearly every year because Social Security payments are adjusted using the CPI.

The bureau produces the CPI for Urban Alaska bi-monthly (in February, April, June, August, October, and December) as well as annually and semiannually.

2. In different places at the same time

The other way to assess the cost of living is to compare costs between two or more places. For example, is it more expensive to live in Portland or Dillingham?

While measuring inflation has a single source, a range of sources are available for contrasting costs between areas. These sources have varying degrees of reliability and different methods, so it's important to take their strengths and weaknesses into account. Some rely on random private individuals to enter prices for various goods and services in their communities and then automatically generate a cost-of-living index, while others use rigorous, broad-based, and transparent statistical methods. A good solution is to use multiple sources and look for patterns.

Other sources that aren't even marketed as cost-of-living measures can shed light on price differences, too. One is the U.S. Census Bureau's annual American Community Survey, which includes the median value of a home and median gross rental cost data for every community in the country. Because of the small sample sizes and large margins of error for many places, the five-year average is recommended when using the ACS.

Calculating consumer price index change

Index changes in an index are usually expressed as percents rather than index points, because points are affected by the level of the index in relation to its base period. Here's how to compute both types of change:

Index point change

CPI for Urban Alaska 2019.....	228.676
Minus CPI for 2018.....	225.545
Equals index point change.....	3.1

Percent change

Index point difference.....	3.1
Divided by 2018 index.....	225.545
Times 100 equals % chg.....	1.4%

communities to each other, and the rest of this article will focus on those comparisons.

For more on the two broad ways to measure the cost of living, see the sidebar above.

Where Alaska's largest communities stand nationally

One important source for comparisons between places is the cost-of-living index the Council for Community and Economic Research, or C2ER, puts out each quarter and annually. This survey, whose results start with the table on the next page, covers more than 250 cities, including three in Alaska:

How Alaska cities compared to other cities in early 2020*

	Total Index	Groceries	Housing	Utilities	Transportation	Health care	Misc
Category's weight in total index	100.0%	13.89%	27.53%	9.55%	9.20%	4.31%	35.52%
U.S. average	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Region and city							
Anchorage, AK	124.4	132.6	134.7	127.2	111.9	143.5	113.4
Fairbanks, AK	127.9	123.7	110.8	217.9	116.7	155.0	118.3
Juneau, AK	132.9	139.2	155.1	135.3	131.4	152.8	110.5
West							
Portland, OR	134.3	113.3	184.2	88.6	133.2	117.9	118.5
Honolulu, HI	197.6	169.3	334.2	199.4	146.6	118.7	125.1
San Francisco, CA	194.7	132.7	355.3	139.3	142.3	124.0	131.5
Los Angeles-Long Beach, CA	146.6	113.0	228.6	107.7	133.6	109.6	114.4
Reno, NV	112.8	113.9	121.1	85.2	130.4	116.9	108.3
Seattle, WA	156.7	129.4	234.7	109.6	138.8	128.7	127.6
Spokane, WA	104.9	96.2	101.7	97.7	108.7	115.4	110.6
Boise, ID	100.1	95.5	98.3	83.1	104.1	100.4	106.9
Bozeman, MT	108.2	103.5	131.9	86.3	90.7	93.8	103.8
Laramie, WY	90.5	106.2	79.3	86.5	80.0	93.7	96.4
Salt Lake City, UT	100.5	99.3	104.3	89.2	113.2	100.4	97.7
Southwest/Mountain							
Phoenix, AZ	100.9	94.9	114.6	107.0	100.6	87.2	92.6
Denver, CO	111.1	94.2	135.2	79.3	107.0	100.0	109.9
Colorado Springs, CO	102.9	96.8	104.7	97.8	109.2	104.9	103.5
Dallas, TX	107.6	101.4	116.6	107.3	95.3	110.5	106.1
Houston, TX	95.6	88.4	87.1	112.0	96.7	94.6	100.5
McAllen, TX	75.2	82.8	55.4	101.8	90.3	69.6	77.3
Midland, TX	98.9	91.9	91.1	99.7	98.3	94.7	108.1
Oklahoma City, OK	85.8	89.3	69.8	94.3	88.6	96.2	92.7
Midwest							
Cleveland, OH	95.9	105.0	82.6	92.8	101.1	109.8	100.4
Peoria, IL	88.6	94.7	75.4	97.6	101.9	91.7	90.2
Minneapolis, MN	105.7	103.3	102.5	97.0	102.0	104.1	112.6
Sioux City, IA	88.8	92.0	65.9	111.0	91.4	98.1	97.4
Southeast							
Alexandria, VA	140.0	126.8	225.0	96.9	107.8	101.6	104.0
Fort Lauderdale, FL	113.0	105.0	149.6	101.1	109.8	99.6	93.4
Miami, FL	117.1	111.0	149.2	101.1	111.9	99.1	102.3
Birmingham, AL	91.4	88.5	76.5	102.7	97.2	91.1	99.6
Atlanta, GA	99.9	103.2	96.2	84.5	103.1	103.3	104.3
New Orleans, LA	111.1	100.3	137.3	75.6	103.2	115.1	106.1
Atlantic/New England							
New York City (Manhattan), NY	245.7	144.0	553.2	100.3	128.5	109.4	133.2
Boston, MA	148.8	110.7	219.6	121.9	113.9	122.9	128.3
Pittsburgh, PA	102.9	109.5	102.8	114.7	120.0	93.1	94.0
Hartford, CT	115.8	109.1	112.5	126.9	111.6	104.1	120.4

LOWEST →

→ HIGHEST

*Based on professional households with earnings in the top quintile, first quarter 2020

Source: The Council for Community and Economic Research

What common items and services cost in early 2020

WHOLE WHEAT BREAD



24 oz. Oroweat, Nature's Own, Arnold, or Brownberry

Oakland, CA \$4.96

U.S. Average
\$3.48

Kalamazoo, MI: \$1.39

Anchorage \$4.56
Fairbanks \$4.46
Juneau \$4.74



EYE EXAM

Anchorage \$214.67
Fairbanks \$251.67
Juneau \$228.83

Fairbanks, AK: \$251.67

U.S. Average
\$107.21

San Juan PR: \$49.00

QUARTER POUNDER WITH CHEESE



Anchorage \$4.95
Fairbanks \$5.49
Juneau \$5.49

Flagstaff, AZ: \$5.89

U.S. Average
\$4.39

Fort Lauderdale, FL: \$2.96

VET VISIT



Anchorage \$70.80
Fairbanks \$48.50
Juneau \$52.30

Manhattan, NY: \$90.94

U.S. Average
\$52.43

Richmond, IN: \$25.50

WHITE WINE, TABLE



Thomasville-Lexington, KY: \$14.80

U.S. Average
\$8.94

Indianapolis, IN: \$3.53

Anchorage \$11.10
Fairbanks \$8.99
Juneau \$12.99

SALON CUT AND STYLE

San Francisco, CA: \$81.29

U.S. Average
\$38.78

Danville City, VA: \$17.50

\$53.00 Anchorage
\$44.93 Fairbanks
\$43.33 Juneau



HAIRCUT AT BARBER

Seattle, WA: \$37.50

U.S. Average
\$18.06

Harlingen, TX: \$7.50

Anchorage \$22.50
Fairbanks \$16.32
Juneau \$20.25



Note: From C2ER's first quarter 2020 survey

Sources: The Council for Community and Economic Research; and Alaska Department of Labor and Workforce Development, Research and Analysis Section

Anchorage, Fairbanks, and Juneau.

C2ER designed a typical consumption pattern based on professional households with incomes in the top 20 percent. The survey tracks costs for 57 items in categories such as groceries, housing, utilities, transportation, health care, and miscellaneous goods and services. (The illustration above shows some of those items and how much they cost in Alaska, plus the high and low cities and national averages.) From this sample, C2ER sets the average U.S. city's costs at 100.

Like every source, C2ER has a few major drawbacks.

Its "weights" — how much of their income people typically spend in each category — differ from the consumer price index and are far less detailed. It also doesn't account for state or local taxes, which is a major omission for some places.

The costs of living in Juneau, Fairbanks, and Anchorage were well above the national average in the first quarter of 2020. Juneau's index was highest at 132.9, or 32.9 percent above the national average, followed by Fairbanks at 127.9 and Anchorage at 124.4.

Alaskans' expenditures were higher than average

The most expensive cities in the U.S. in early 2020

City	Index
U.S. average	100.0
1 New York (Manhattan), NY	245.7
2 Honolulu, HI	197.6
3 San Francisco, CA	194.7
4 New York (Brooklyn), NY	180.5
5 Washington, DC	160.7
6 Seattle, WA	156.7
7 Oakland, CA	153.9
8 Arlington, VA	150.5
9 Orange County, CA	150.2
10 Boston, MA	148.8
11 New York (Queens), NY	147.8
12 Los Angeles-Long Beach, CA	146.6
13 Bethesda-Gaithersburg-Frederick, MD	145.5
14 San Diego, CA	141.1
15 Alexandria, VA	140.0
16 Stamford, CT	136.4
17 Portland, OR	134.3
18 Juneau, AK	132.9
19 Fairbanks, AK	127.9
20 Bergen-Passaic, NJ	126.6
21 Anchorage, AK	124.4
22 Sacramento, CA	123.5

Source: The Council for Community and Economic Research

in every category. Fairbanks' utility index of 217.9 remains the highest in the nation, followed by Hilo, Hawaii, at 199.4.

Although Alaska's costs remain high, a growing number of U.S. cities' costs have overtaken Alaska's, and that list gets longer each year. In 2000, when C2ER surveyed more than 300 cities, just five were more expensive than Alaska cities. By early 2020, it was 17 (shown above). Juneau fell to 18th place and Anchorage to 21st — both record lows.

Nearly all of these high-cost cities are metropolitan areas with populations larger than the entire state of Alaska. Most are concentrated in California and the boroughs of New York City, although Seattle's costs were also high, placing it sixth. Manhattan topped the list in early 2020 at 245.7. The lowest-cost city was McAllen, Texas, at 75.2.

Alaska's health care costs high by multiple measures

When it comes to health care costs, Alaska's are

Costs of living in Anchorage, Seattle continue to diverge



Source: The Council for Community and Economic Research

Public health care premiums* in 2020

State	Avg monthly premium
U.S. average	\$442
1 Wyoming	\$875
2 Alaska	\$698
3 Nebraska	\$667
4 Vermont	\$645
5 Iowa	\$636
6 West Virginia	\$619
7 New York	\$588
8 South Dakota	\$588
9 Connecticut	\$547
10 Oklahoma	\$527

*Silver tier premium care insurance for a 40-year-old under the Affordable Care Act

Source: The Henry J. Kaiser Family Foundation

typically among the highest in the nation. C2ER ranked Alaska's three cities at the top for expensive health care in the first quarter of 2020.

Another way to look at medical costs is the typical health insurance premium through the public marketplace. The table above shows Alaska's average premium via the Affordable Care Act was second-highest for 2020, at \$698 per month, after Wyoming (\$875). The national average was \$442.

Alaska had the sixth-highest costs in 2019 ... maybe

A number of sources base their products on C2ER's data. Each year, the Missouri Economic Research and Information Center publishes a cost-of-living series by state that averages the indexes of the participating cities. This index's accuracy is questionable because it doesn't apply any weight by city size, but it might be useful in some cases.

In 2020, Alaska ranked sixth among the highest-cost states at 128.4, or about 28 percent above average U.S. costs. That represents Anchorage, Juneau, and Fairbanks, which are home to about 57 percent of the state's population.

The military's index compares Alaska towns to U.S. average

The U.S. Department of Defense produces a

How the military ranks the cost of living

City	Index
U.S. average	100
Bethel	150
Utqiagvik	144
Nome	144
Petersburg	144
Wainwright	144
Sitka	140
Valdez	140
Cordova	138
Juneau	138
Spuce Cape	138
Unalaska	138
Homer (includes Anchor Point)	134
Kenai (includes Soldotna)	134
Ketchikan	134
King Salmon (incl Bristol Bay Borough)	134
Tok	132
Seward	130
Eielson AFB (Fairbanks)	128
Kodiak	128
Clear AFS	126
College	126
Fort Wainwright (Fairbanks)	126
Anchorage (inc. Eagle River)	124
Delta Junction	124
Wasilla	122

Source: OCONUS, effective May 16, 2020

States with the highest cost of living in 2020

State	Index
U.S. average	100.0
1 Hawaii	197.6
2 New York	153.9
3 California	142.7
4 Oregon	134.3
5 Massachusetts	129.7
6 Alaska	128.4
7 Maryland	128.0
8 Connecticut	124.2
9 New Jersey	122.4
10 Rhode Island	118.6

Sources: Missouri Economic Research and Information Center; and The Council for Community and Economic Research

cost-of-living index called Outside Continental United States Overseas, or OCONUS, for all of its "overseas" locations, which include Alaska and Hawaii. OCONUS's strengths are its broad geographic coverage and frequent updates.

For the most part, OCONUS lines up with the other data sources in this article, but one major difference is it's based on spendable income rather than total income. OCONUS doesn't factor in housing, because the military deals with housing through a separate allowance program.

With OCONUS's index set at 100 for the average U.S. city, Alaska's communities ranged from a low of 122 in Wasilla to a high of 150 in Bethel in early 2020.

An average house cost just \$264,638 in Fairbanks last year

For tracking housing costs in Alaska, we publish detailed rent and sales data each year in cooperation with the Alaska Housing Finance Corporation.

In the first quarter of 2020, Fairbanks' single-family houses cost the least, on average, and the average home was the most expensive in Juneau.

Over the years, Fairbanks and the Kenai Peninsula Borough have typically had the least expensive houses, and Matanuska-Susitna Borough homes have often fallen below the statewide average as well. For many years, more than half of the state's new homes were built in Mat-Su, even though only

For many years, more than half of the state's new homes were built in Mat-Su, which has just 15 percent of Alaska's population.

15 percent of the state lives there.

As the two graphs at right show, places with higher home prices also tend to have higher rents. When it comes to renting, Sitka's average rent for a two-bedroom apartment was highest in 2020 at about \$1,300.

Figuring in an area's wages changes affordability picture

We also calculate an affordability index for eight areas in the state that takes the ability to pay into account as well as local housing costs. Combining an area's average wages with its home prices produces an index that shows how many typical paychecks it takes to afford the average home. (See the graph on the next page.)

Mat-Su homes are an attractive option for those who work in Anchorage. Anchorage has high average wages but high house prices, so the low home prices in Mat-Su consistently make that combination one of the most affordable in our index. It takes just over a single Anchorage paycheck to afford a house in Mat-Su (1.04), but 1.34 paychecks to buy in Anchorage.

Similarly, while the Mat-Su Borough has some of the lowest-cost houses in the state, buying a home there is much less affordable for someone who works in Mat-Su (1.34) because the area's average wages are low.

Many Mat-Su residents commute to a higher-wage area. Thirty percent work in Anchorage, 6 percent work on the North Slope, and 11 percent work somewhere else in Alaska.

Average house prices in early 2020



Note: First quarter 2020

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section and the Alaska Housing Finance Corporation

Median rent highest in Sitka in 2020



Note: Reflects adjusted rent, which includes the cost of all typical utilities

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section and the Alaska Housing Finance Corporation, 2020 Rental Market Survey

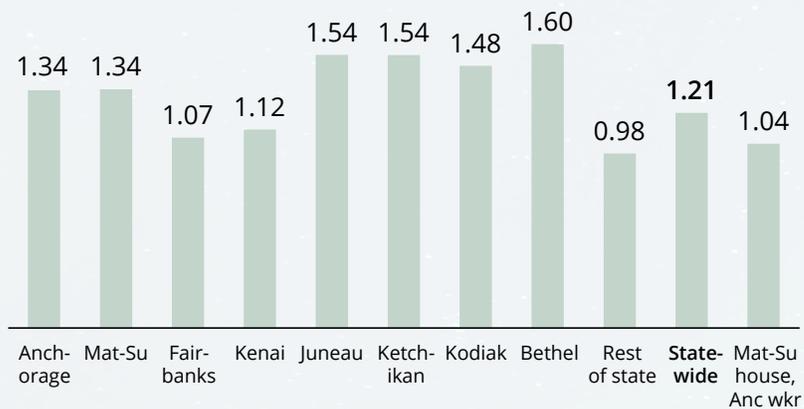
Select towns' fuel costs in January

Community	Heating fuel #1	Gasoline
Akiak	\$5.19	\$5.09
Angoon	\$4.38	\$4.55
Arctic Village	\$12.00	\$10.00
Atka	\$7.75	\$8.00
Bethel	\$4.34	\$4.20
Chenega Bay	\$5.90	\$5.95
Chignik	\$4.14	\$3.83
Circle	\$3.26	\$4.10
Deering	\$4.79	\$4.89
Dillingham	\$3.98	\$5.00
Eagle	\$4.50	\$4.50
Emmonak	\$5.60	\$5.82
Fairbanks	\$2.95	\$2.79
Galena	\$6.07	\$5.91
Gambell	\$4.45	\$4.60
Glennallen	\$3.04	\$3.20
Golovin	\$4.25	\$4.25
Holy Cross	\$6.05	\$5.80
Homer	\$3.18	\$3.25
Hooper Bay	\$5.68	\$5.39
Huslia	\$6.25	\$6.00
Juneau	\$3.35	\$3.31
King Cove	\$3.25	\$4.63
Kodiak	\$3.67	\$3.56
Kokhanok	\$7.24	\$7.00
Kotzebue	\$6.17	\$5.88
Mountain Village	\$5.90	\$6.11
Nenana	\$4.10	\$3.82
Noorvik	\$5.64	\$6.06
Nuiqsut	\$2.30	\$5.00
Nulato	\$4.90	\$5.50
Pelican	\$4.14	\$4.37
Pilot Station	\$6.55	\$6.55
Port Lions	\$4.40	\$4.98
Ruby	\$5.50	\$6.50
Sand Point	\$4.62	\$3.74
Shishmaref	\$4.38	\$4.48
Unalaska	\$3.61	\$4.55
Wales	\$6.44	\$6.70
Wrangell	\$3.76	\$3.73

Notes: This is a partial list of the 100 surveyed communities. Prices are per gallon.

Source: Alaska Department of Commerce, Community, and Economic Development, Current Community Conditions: Fuel Prices Across Alaska, January 2020 update

Paychecks needed to afford a house in 2019



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section and the Alaska Housing Finance Corporation, Quarterly Survey of Mortgage Lending Activity

Fuel prices can hit \$10 a gallon in some rural Alaska communities

The Alaska Department of Commerce, Community, and Economic Development conducts a detailed semiannual survey of heating fuel and gasoline prices in 100 communities around the state.

Fuel prices are consistently highest in remote communities off the road system. Arctic Village often tops the list because its fuel is flown in. In January, Arctic Village's heating fuel cost \$12 a gallon and gasoline was \$10 a gallon. For comparison, costs per gallon in Fairbanks were just \$2.95 and \$2.79, respectively.

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

Who has gone back to work?

What benefit claims show about jobs that returned in May

By DAN ROBINSON

In the wake of unprecedented job losses caused by COVID-19, how quickly people will be able to return to work has become a big economic question. A new and complex brew of reasons will keep some people out of the workforce for a while, but recent unemployment insurance claims data reveal a few patterns about the jobs that resumed in May.

What shows a likely return to work

Claims for unemployment insurance benefits soared in recent months because of the pandemic, and emergency federal and state legislation created extra inducement to file with a \$600 per week federal add-on to the regular state payment that

averages \$250 a week.

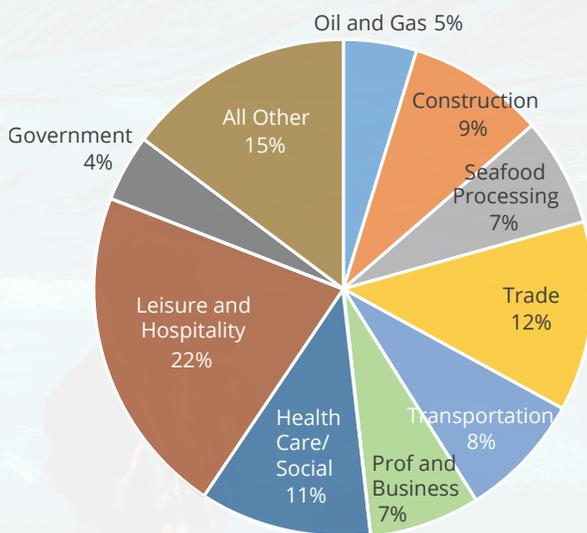
A high percentage of recent filers had never filed before. It can be a challenging process, complicated on the state's side by the dramatic jump in claims and federal legislation that expanded eligibility and increased benefit amounts, and complicated on the claimants' side by it being a new process for many.

Because the administrative hassle mostly goes away after the initial claim is validated and weekly payments begin, and because of the extra \$600, it's fair to assume most people who received benefits for a few weeks and then stopped filing did so because they went back to work.

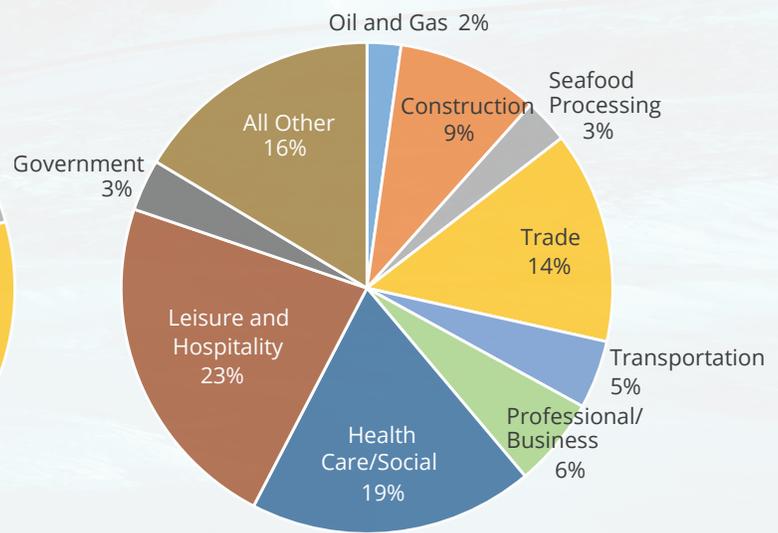
About 55,000 people received unemployment benefits in May. As the first chart below shows, the largest share, 22 percent, worked in leisure and hospitality

May unemployment insurance claimants and who stopped filing

All May claimants
(55,000)



Filed in May but then stopped
(8,300)



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

jobs at businesses such as bars, restaurants, hotels, and gyms. Those industries' job losses were easily the largest in May, down 40 percent from their May 2019 levels. (Alaska's overall job loss in May was 12.2 percent.)

Of the 55,000 May filers, about 8,300 (15 percent) received at least one week of benefits during the month and then stopped filing.

As the second chart on the previous page shows, the largest percentage of those who stopped filing, presumably to return to work, also came from leisure and hospitality — something that isn't surprising.

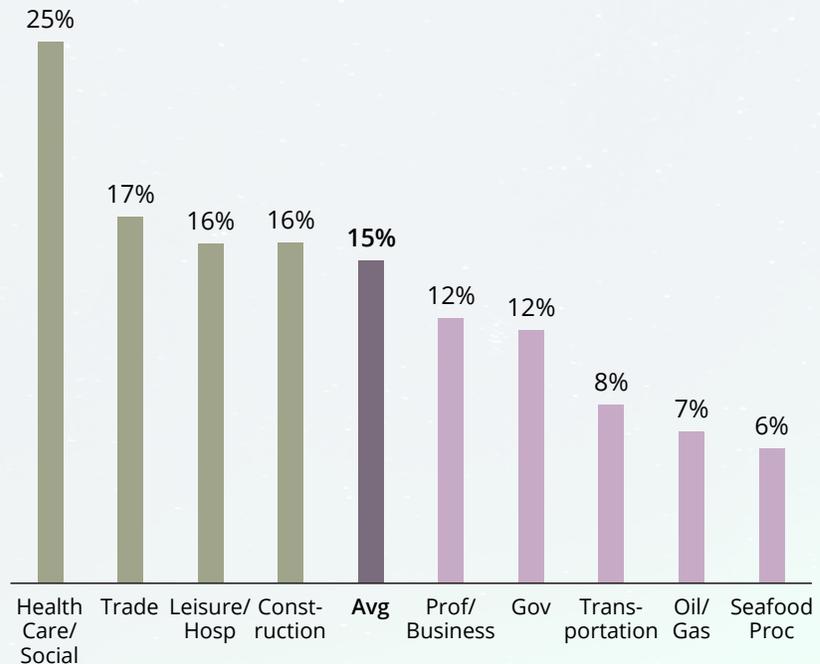
What's more telling are the industry slices that differ significantly between the two pie charts. For example, the percentage of the back-to-work people who came from health care and social assistance — 19 percent — was much larger than that industry's share of claimants overall (11 percent).

Health care workers were most likely to return in May

The chart on this page helps answer the original question about who's been able to return to work. On average, 15 percent of all filers returned to work in May, but 25 percent of filers who came from health care and social assistance went back to work. The shares were also slightly larger than average for trade (mostly retail), leisure and hospitality, and construction.

At the other end of the spectrum, the numbers suggest workers from certain industries mostly haven't returned. Smaller-than-average percentages

Share of industry's claimants who returned to work



Note: Percentage of industry's claimants who collected at least one week of benefits in May and then stopped filing

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

of claimants from seafood processing, oil and gas, transportation, government, and professional and business services went back to work in May.

Some people in health care lost their jobs because elective procedures were postponed, voluntarily or by government mandate, and nonemergency care in general was radically but temporarily curtailed. Those jobs appear to be coming back quickest.

There's too much happening in seafood processing right now to speculate about its lower-than-average return rate, but it's clear that oil and gas job losses are less likely to be short-term than jobs in businesses that were temporarily forced to close. The same is true of lost jobs in government and transportation, especially transportation connected to summer tourism.

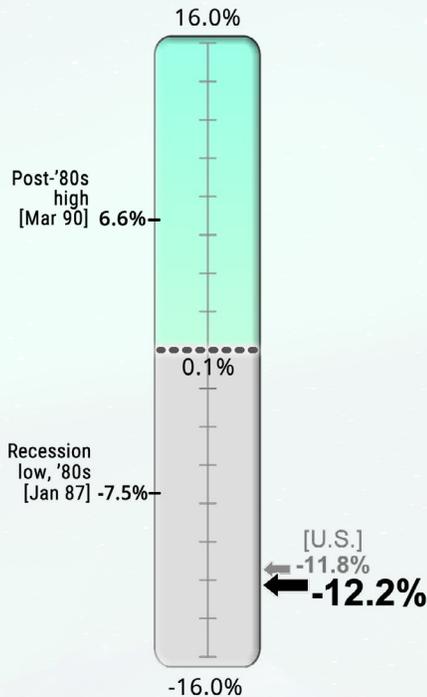
Dan Robinson is chief of Research and Analysis. Reach him in Juneau at (907) 465-6040 or dan.robinson@alaska.gov.

Gauging The Economy



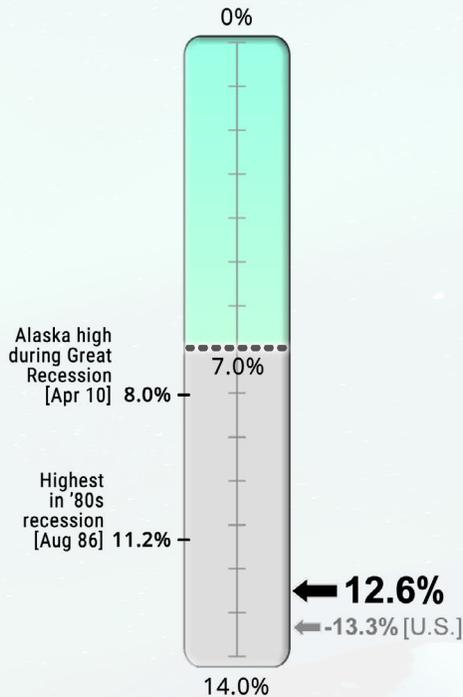
Job Growth

May 2020
Over-the-year percent change



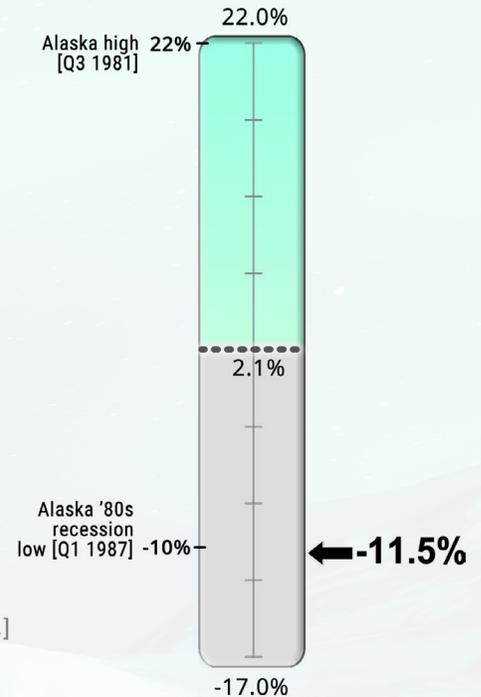
Unemployment Rate

May 2020
Seasonally adjusted



Wage Growth

2nd Quarter 2020 (estimate)
Over-the-year percent change



➤ The shutdowns to slow the spread of COVID-19 caused a rapid drop in employment, resulting in a 13.2 percent loss in April followed by a 12.2 percent decline for May, when compared to the same months in 2019.

➤ Unemployment jumped to 13.5 percent in April, then dropped slightly to 12.6 percent in May.

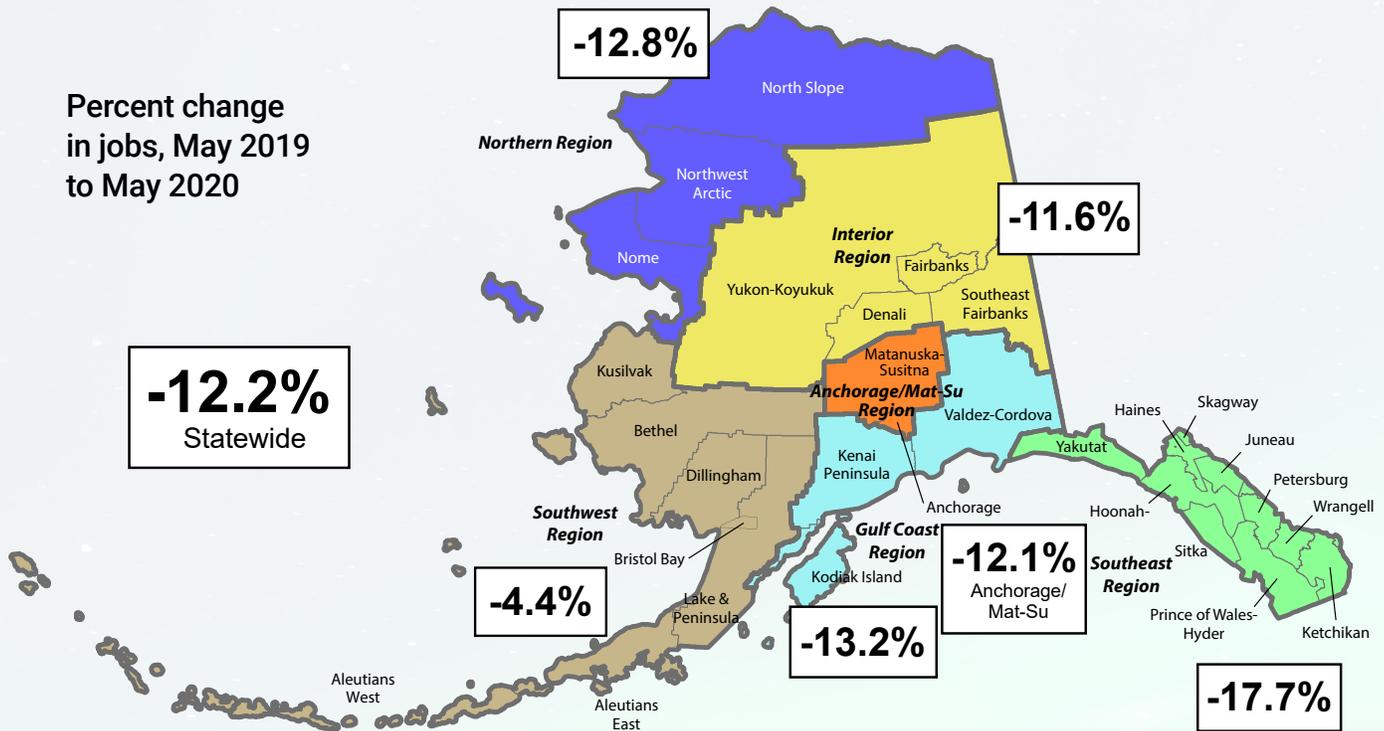
➤ After 10 straight quarters of wage growth, Alaska's total wages fell dramatically with the pandemic.

➤ The national unemployment rates for April and May were above Alaska's for the first time since 2012.

➤ Second quarter wage data for Alaska are estimated. U.S. wage growth data are only available through the fourth quarter of 2019.

Employment by Region

Percent change in jobs, May 2019 to May 2020



Unemployment Rates

Seasonally adjusted

	Prelim.	Revised	
	05/20	04/20	05/19
United States	13.3	14.7	3.6
Alaska	12.6	13.5	6.2

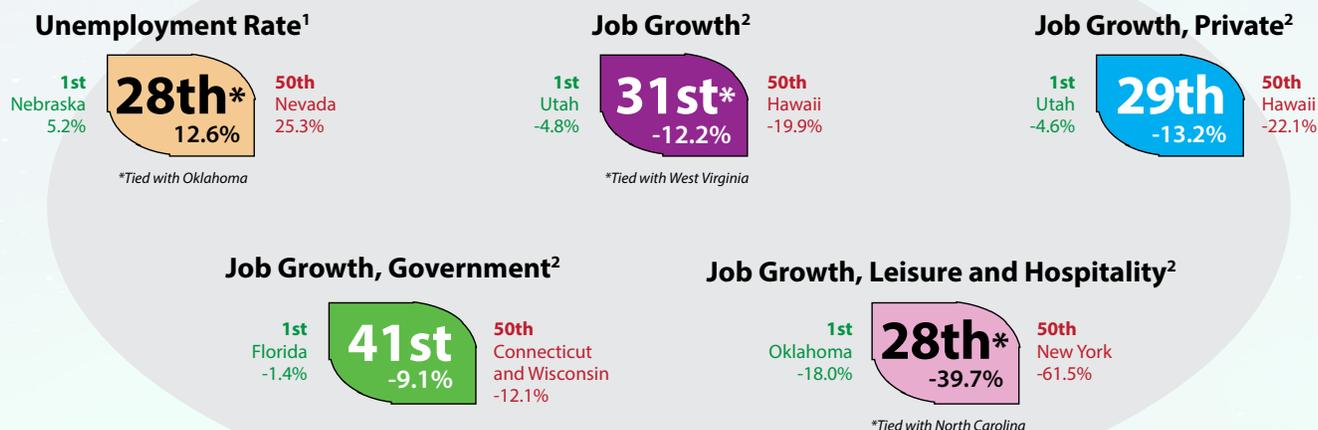
Not seasonally adjusted

	Prelim.	Revised	
	05/20	04/20	05/19
United States	13.0	14.4	3.4
Alaska	12.5	13.7	6.0

Regional, not seasonally adjusted

	Prelim.	Revised			Prelim.	Revised			Prelim.	Revised	
	05/20	04/20	05/19		05/20	04/20	05/19		05/20	04/20	05/19
Interior Region	10.7	11.6	5.9	Southwest Region	15.7	11.3	11.6	Southeast Region	13.0	13.9	5.2
Denali Borough	14.7	24.7	4.9	Aleutians East Borough	15.8	9.7	5.9	Haines Borough	22.5	27.3	6.7
Fairbanks N Star Borough	10.2	11.3	5.3	Aleutians West Census Area	19.5	4.5	5.9	Hoonah-Angoon Census Area	16.6	18.0	7.6
Southeast Fairbanks Census Area	10.3	10.6	8.2	Bethel Census Area	14.0	12.6	13.0	Juneau, City and Borough	10.8	10.9	4.2
Yukon-Koyukuk Census Area	16.5	15.3	14.4	Bristol Bay Borough	10.5	10.3	4.7	Ketchikan Gateway Borough	15.2	17.4	5.8
Northern Region	13.0	10.9	10.6	Dillingham Census Area	10.6	9.6	9.0	Petersburg Borough	15.2	15.6	8.1
Nome Census Area	14.7	12.7	11.2	Kusilvak Census Area	20.5	20.4	20.1	Prince of Wales-Hyder Census Area	13.4	13.6	9.1
North Slope Borough	8.1	5.6	6.6	Lake and Peninsula Borough	12.7	14.2	9.6	Sitka, City and Borough	12.3	12.8	4.0
Northwest Arctic Borough	15.9	14.6	14.4	Gulf Coast Region	13.1	15.7	6.1	Skagway, Municipality	19.9	31.5	3.6
Anchorage/Mat-Su Region	12.4	14.3	5.5	Kenai Peninsula Borough	14.2	17.2	6.2	Wrangell, City and Borough	12.9	14.8	6.7
Anchorage, Municipality	12.3	13.9	5.1	Kodiak Island Borough	9.2	10.6	5.4	Yakutat, City and Borough	12.9	12.1	6.2
Mat-Su Borough	12.9	15.5	6.7	Valdez-Cordova Census Area	12.2	13.9	6.9				

How Alaska Ranks



Note: Government employment includes federal, state, and local government plus public schools and universities.

¹May seasonally adjusted unemployment rates

²May employment, over-the-year percent change

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

Other Economic Indicators

	Current	Year ago	Change
Urban Alaska Consumer Price Index (CPI-U, base yr 1982=100)	228.495 2nd half 2019	227.992	+0.22%
Commodity prices			
Crude oil, Alaska North Slope, * per barrel	\$28.21 May 2020	\$70.30	-59.87%
Natural gas, residential, per thousand cubic feet	\$10.79 Mar 2020	\$10.39	+3.85%
Gold, per oz. COMEX	\$1,735.50 6/19/2020	\$1,348.80	+28.67%
Silver, per oz. COMEX	\$17.69 6/19/2020	\$14.96	+18.25%
Copper, per lb. COMEX	\$263.00 6/19/2020	\$268.05	-1.88%
Zinc, per MT	\$2,052.00 6/19/2020	\$2,478.00	-17.19%
Lead, per lb.	\$0.81 6/19/2020	\$0.86	-5.81%
Bankruptcies			
Business	93 Q1 2020	101	-7.92%
Personal	14 Q1 2020	9	+55.56%
79 Q1 2020	92	-14.13%	
Unemployment insurance claims			
Initial filings	37,812 May 2020	4,327	+773.86%
Continued filings	230,505 May 2020	29,108	+691.90%
Claimant count	54,936 May 2020	7,552	+627.44%

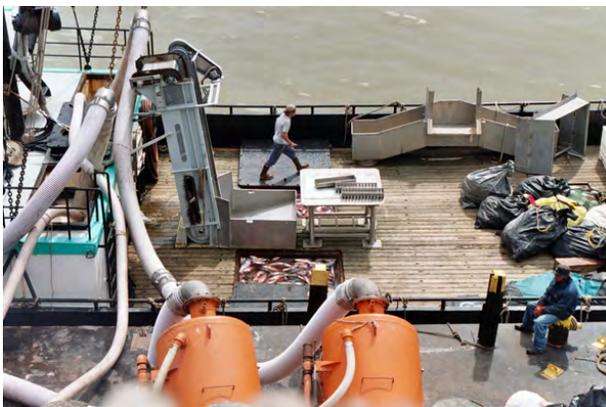
*Department of Revenue estimate

Sources for this page and the preceding three pages include Alaska Department of Labor and Workforce Development, Research and Analysis Section; U.S. Bureau of Labor Statistics; U.S. Bureau of Economic Analysis; U.S. Energy Information Administration; Kitco; U.S. Census Bureau; COMEX; Bloomberg; Infomine; Alaska Department of Revenue; and U.S. Courts, 9th Circuit

EMPLOYER RESOURCES

Looking to hire deckhands from Alaska for commercial fishing?

The Seafood Employment Office at the Anchorage Midtown Job Center can help!



Our services are no-cost and include:

- **Advertising your jobs** on our online Alaska Labor Exchange system (ALEXsys)
- Department staff creating **customized flyers** and **distributing** statewide to Alaska Job Centers and partners
- **Posting flyers** on the Department online recruitment page and Facebook page
- Helping to **identify and pre-screen** the most **qualified candidates** to meet your needs

For more information, call (907) 269-4746 or email dol.seafood@alaska.gov

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