

ALASKA ECONOMIC **TRENDS**

JUNE 2018



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House bills improve how we provide some services



Heidi Drygas
Commissioner

The 2018 legislative session ended May 13, and I'd like to highlight some of the actions relevant to our department. The legislature passed three bills that will improve the way we provide public services.

The House Labor and Commerce Committee sponsored and carried two bills that strengthen labor standards and safety programs. House Bill 114 establishes a \$10 fee for those who opt not to use our online filing system for boiler or pressure vessel inspection reports. This efficiencies bill will compensate for time state employees spend entering data from inspection reports submitted by mail or email.

House Bill 121 brings the Alaska Occupational Safety and Health program, or AKOSH, into compliance with federal Occupational Safety and Health Act requirements, allowing Alaska to maintain state jurisdiction and continue to receive grant funds. A 2015 federal law requires numerous agencies to adjust civil penalties for inflation back to 1990 and to readjust the penalties yearly. This bill allows the department to match AKOSH penalties to corresponding federal penalty amounts, maintaining compliance and state plan authorization.

Governor Walker's House Bill 79 increases the efficiency and flexibility of Alaska's workers' compensation system. While several good provisions were stripped out of the bill, HB 79 still makes key improvements that will benefit employers and injured workers alike. The new law reduces administrative costs by allowing employers to pay benefits electronically. It also allows electronic filing of certain reports, delivering benefits to workers faster and saving costs. The bill phases out the second injury fund, established at statehood to give employers economic incentive to hire employees with qualifying disabilities. The fund became obsolete with the passage of the Americans with Disabilities Act of 1990, which prohibits

disability-based hiring discrimination. HB 79 also ensures adequate funding for the administration of workers' compensation and workers' safety programs by allowing the department to receive a greater percentage of the annual service fee collected from insurers. It does not increase the fee, but instead allocates more of the collected fee to the department.

HB 79 also establishes a clear definition of "independent contractor," which has never existed in statute. Clarifying the distinction between an independent contractor and an employee means equal footing with no surprises about who must carry workers' compensation insurance. The bill creates an interim legislative workers' compensation working group to review the system, consult various stakeholder groups, and recommend changes.

The legislature didn't pass all of the department's priorities before adjourning. Provisions from HB 79 that would prevent fraud, speed up dispute resolution, and improve delivery of medical care were left on the table. In addition, House Bill 142, which would have increased the maximum weekly unemployment insurance benefit amount from \$370 to \$510, died in the Senate Finance Committee. Alaska is ranked 39th in the nation for its maximum weekly benefit amount (Washington's is \$681, Oregon's is \$590, and California's is \$450), and 52nd for its wage replacement ratio. Alaska has raised the maximum benefit just once in the last 22 years, and an increase is long overdue. Addressing this issue will be critical to keeping skilled workers in Alaska in the coming years.

The department is eager to implement the legislation passed this year and committed to continuing our work on the priorities that did not pass this session. I look forward to collaborating with legislators in the interim on issues important to Alaska's workers and their families.



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HOUSEHOLD DEBT

and what it means

How types of debt differ, recent trends, and how states stack up

By **TIFFANY WADEL**
and **DAN ROBINSON**

Debt often has a bad connotation, but it's a financial tool that's neither positive nor negative on its face. Taking on debt can represent anything from a sound long-term investment to current consumption at the expense of future financial options.

The Federal Reserve Bank of New York produces data on household debt by type and state by examining a random sample of Equifax credit report information. This article examines those data to determine what they say about how Alaska's household debt has changed over time and how we compare with other states.

It's important to note that all household debt in this article is per capita, so it shouldn't be compared to a person's specific debt. (See the sidebar on page 7 for more on per capita household debt's uses and limitations.)

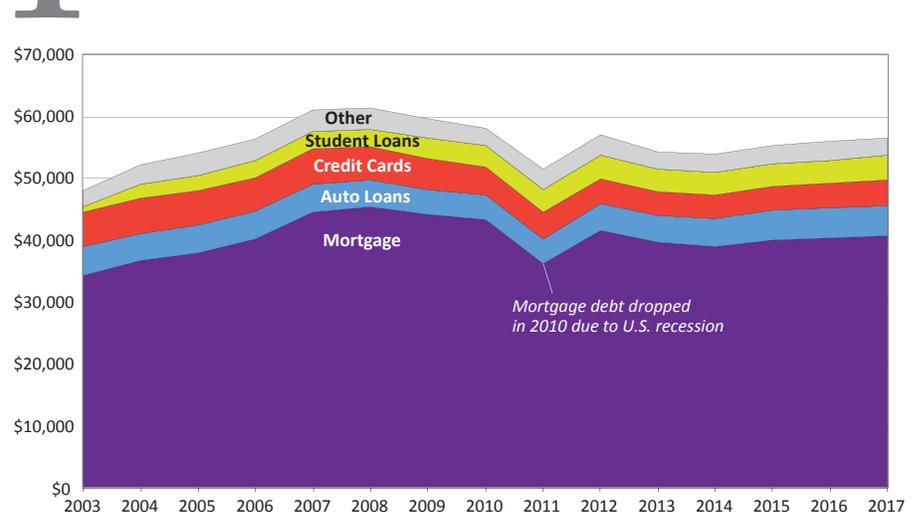
Types of household debt

Mortgage debt the largest category

Alaskans' household debt per capita was \$57,850 in the

1 Alaska's Per Capita Household Debt

ADJUSTED FOR INFLATION, 2003 TO 2017

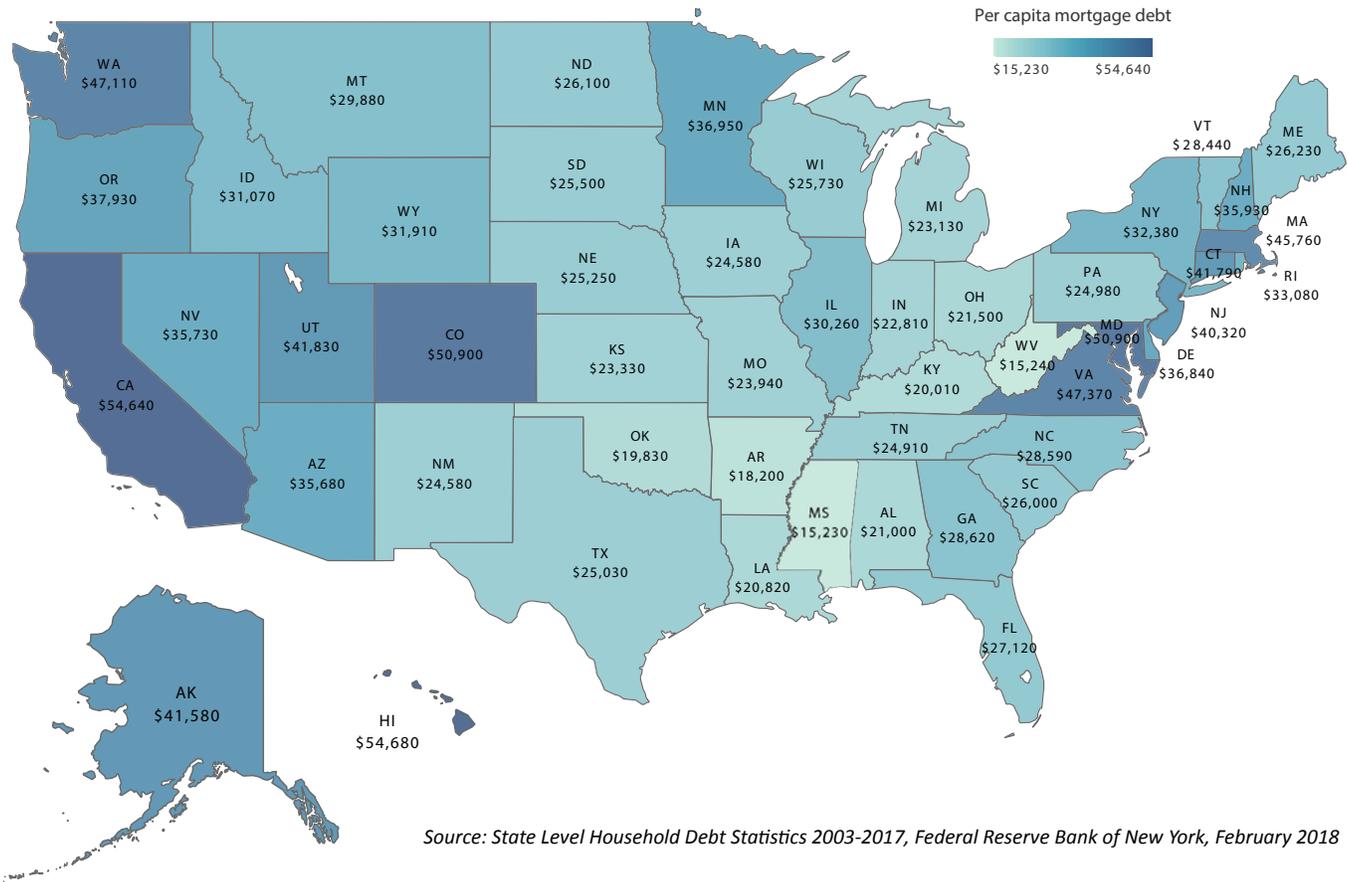


Source: State Level Household Debt Statistics 2003-2017, Federal Reserve Bank of New York, February 2018

fourth quarter of 2017, and \$41,580 of that was mortgage debt. (See Exhibit 1.) The next largest category was auto loans at \$5,010, followed by credit card debt at \$4,270 and student loans at \$4,070.

Debt categorized as "other" equaled \$2,920 and, according to the Federal Reserve Bank of New York's notes, consisted primarily of consumer finance debt (sales financing and personal loans) and retail debt such as clothing, groceries, home furnishings, and gasoline.

2 Per Capita Mortgage Debt by State 2017



Source: State Level Household Debt Statistics 2003-2017, Federal Reserve Bank of New York, February 2018

Alaska's mortgage debt trends

Whether debt is increasing over time in a meaningful way depends on what's happening with inflation. When adjusted for inflation, Alaska's per capita mortgage debt shows three relatively distinct phases between 2003 and 2017.

First, from 2003 to 2008, mortgage debt rose 29 percent during a period of low interest rates, loose lending practices nationwide, and rapidly increasing home prices. Though lenders in Alaska were less reckless than in other parts of the country and the state's housing prices rose less dramatically, those national factors' effects are visible in the Alaska data.

The national housing meltdown, which played a major role in the deep 2007-09 U.S. recession, triggered a 20 percent decline in Alaska mortgage debt from 2008 to 2011. Alaska's economy and housing market were less affected than in most states, but the banking system is more nationalized than state-specific, so tighter lending standards and renewed down payment requirements

drove mortgage debt down in nearly every state.

In the third phase, mortgage debt remained mostly flat between 2012 and 2017. That relative stability is noteworthy given the state's significant job loss over the last two years, which along with other data reinforces that unlike the state's severe 1980s recession, the current downturn has had surprisingly little effect on the housing market, at least through 2017.

Auto loan debt

Unlike mortgage debt, the amount Alaskans owe for auto loans has been anything but stable in recent years. From just 2011 to 2017, Alaska's inflation-adjusted auto debt climbed 22 percent, which was similar to increases in other states.

Auto loan terms became more accommodative over that period, with low interest rates and loan periods extending from the previous standard of five or six years to as long as eight. Lenders, especially auto financing companies, also extended lending to subprime

borrowers, expanding the number of potential auto loans.

Credit card debt

Per capita Alaska credit card debt was relatively flat from 2003 to 2008 before falling 31 percent from 2008 to 2014. It has since risen about 10 percent, to \$4,270.

It may be tempting to conclude that the state's economic downturn had something to do with that increase, but nearly all states have recorded similar increases in credit card debt since hitting lows in 2013 or 2014, showing again how integrated the nation's lending systems are.

Student loan debt

Student loan debt has soared in the last decade or so, in Alaska and in other states. Since 2005, per capita Alaska student loan debt has risen 69 percent, when adjusted for inflation. In 2005, student loan debt was less than half that of credit cards, but by 2017 they were nearly equal.

Rising tuition costs and a decline in federal educational grants are among the likely reasons for the jump in student loan debt. Student loans, like auto loans, have also become more available to borrowers with poor credit, and more students are taking out loans rather than paying for their education as they go.

Other contributing factors are the growing percentage of the population seeking postsecondary education or training, and repayment plans that are contingent on income and can extend the debt period to 25 years or longer.

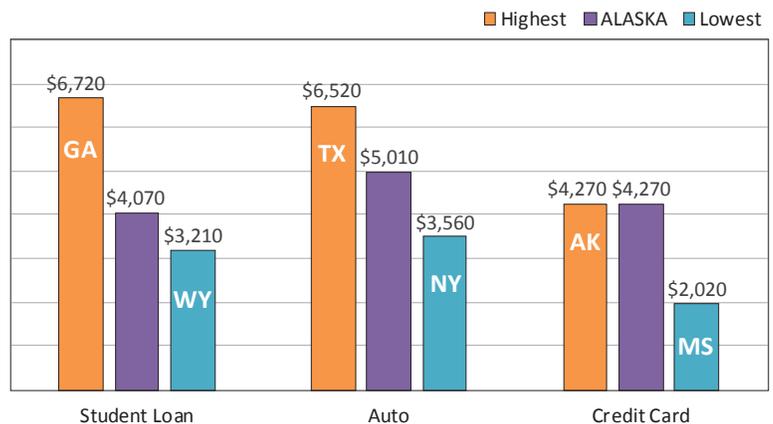
How Alaska's mortgage debt compares to other states

Alaska's per capita mortgage debt was 10th highest among states in 2017. (See Exhibit 2.) Hawaii's was highest, followed closely by California, both states with especially expensive housing. Costly housing means more debt, but that isn't necessarily bad. A home's value and the rate at which it's increasing — or in unusual situations, decreasing — are key to understanding whether higher-than-average mortgage debt is positive or negative.

3

Student Loan, Auto, and Credit Card

HIGHEST AND LOWEST DEBT PER CAPITA, 4TH QUARTER 2017



Source: State Level Household Debt Statistics 2003-2017, Federal Reserve Bank of New York, February 2018

A low-interest mortgage on a house that is appreciating in value benefits the local and state economies as well as the borrower, because home equity is accumulating and wealth is growing. On the other hand, high-interest mortgages or mortgages a borrower can't repay on a house that's losing value disrupt the borrower, the bank holding the mortgage, and potentially the broader housing market and economy. These were major factors in the national recession a decade ago.

Another factor that can lead to higher-than-average mortgage debt is a robust economy characterized by rapid population, employment, and housing growth. Examples are Colorado and Utah, which have higher mortgage debt per capita than states that have more expensive housing, such as Alaska.

At the other end of the spectrum, Mississippi and West Virginia had the lowest mortgage debt at just over \$15,000. Those states, and several others with low mortgage debt, have struggled economically in recent years. More so than with other types of debt, the decision to borrow money to buy a house represents an investment for the borrower and a judgment by the lender that the borrower is likely to repay the debt, which both imply confidence in the local job market and economy.

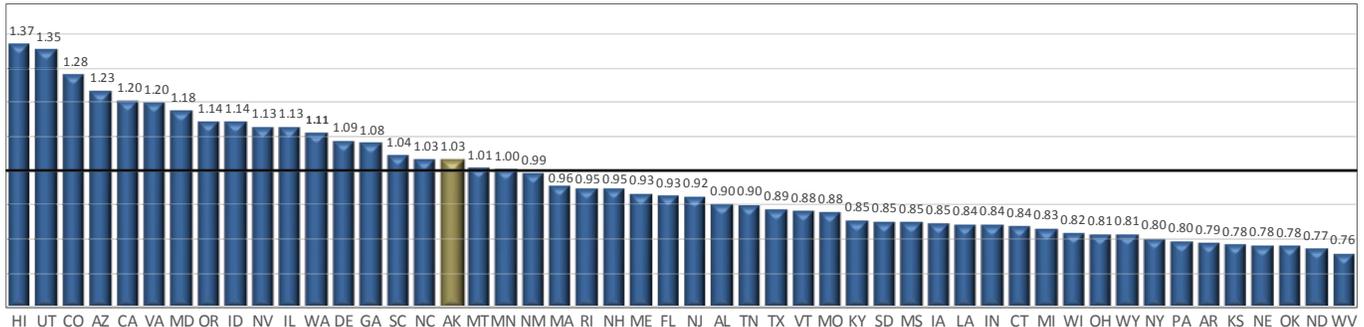
How Alaska stacks up with other types of debt

Alaska has higher per capita credit card debt than any other state and has been highest every year since at least 2003. Next highest in 2017 was New Jersey, followed by Hawaii. At the low end, Mississippi had the lowest credit card debt per capita, at less than half that

4

Debt-to-Income Ratio by State

2017



Source: Federal Reserve Bank of St. Louis

of Alaska. (See Exhibit 3.)

Alaska ranked 13th for auto loan debt, with Texas at the high end and New York at the low end. A key factor there is that New Yorkers own fewer vehicles per capita than in any other state.

Georgia had the highest per capita student loan debt at \$6,720, followed by Maryland. Alaska ranked near the bottom at 45th and Wyoming was lowest at \$3,210. Relevant factors in student loan debt include the percentage of the states' population that seeks postsecondary education and the cost of the state's largest colleges and universities.

Considering average income changes state comparisons

Another way to compare debt among states is to look at their debt-to-income ratios, the logic being that states with higher incomes, all other things being equal, are able to support higher debt loads. For example, if a state's per capita debt was \$50,000 and its average income was \$40,000 per year, its debt-to-income ratio would be 1.25.

Hawaii had the highest debt-to-income ratio in the fourth quarter of 2017 at 1.37 and West Virginia had the lowest at 0.76. (See Exhibit 4.) Alaska tied with North Carolina for 16th with a ratio of 1.03.

Hawaii ranks high because of its especially high housing prices, but the next few states — Utah, Colorado, Arizona, and California — are among the nation's leaders in job growth. Other states with strong job growth include Oregon, Idaho, Nevada, and Washington, which also had relatively high ratios.

West Virginia and North Dakota, the two states with

Limitations of per capita data

Because per capita debt is simply a measure of total debt divided by a state's total population, readers should be careful not to draw faulty conclusions about how their personal levels of mortgage, student loan, or other debt compare to the data in this article.

The average Alaska mortgage holder will owe significantly more than the roughly \$41,580 shown here. That's because some Alaskans don't hold mortgage debt, such as children, renters, and people who have paid off their mortgages. Similarly, the \$4,070 in student loan debt per capita for Alaskans is much less than the average owed by people *with* student loan debt.

While other data sets show how a person's student loan debt compares with other students and the average level of mortgage debt among mortgage borrowers, the numbers in this article are not meant for that purpose. Here, the per capita data allow macroeconomic comparisons over time for Alaska as well as between states of varying sizes.

the lowest debt-to-income ratios, were on a short list of states that lost jobs in 2017. Wyoming is another state near the low end that is losing jobs.

All of this suggests, somewhat counterintuitively, that higher debt-to-income ratios are more a signal of economic growth than distress.

States' delinquency rate trends

Mortgage delinquency way down since worst of U.S. recession

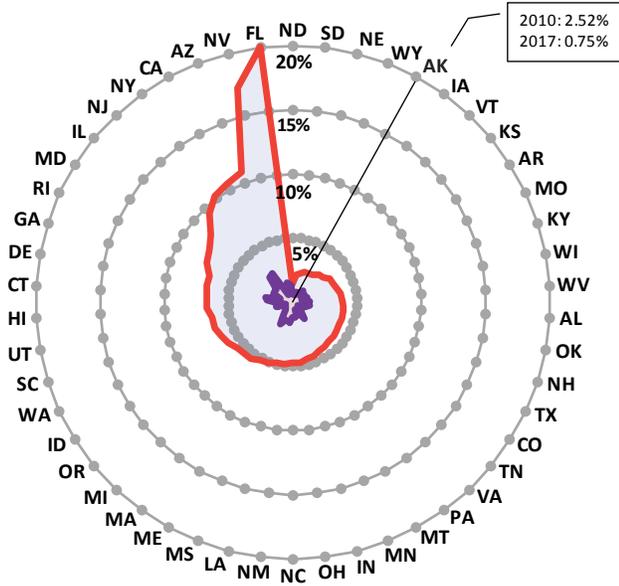
Another product of the Federal Reserve of New York's

5

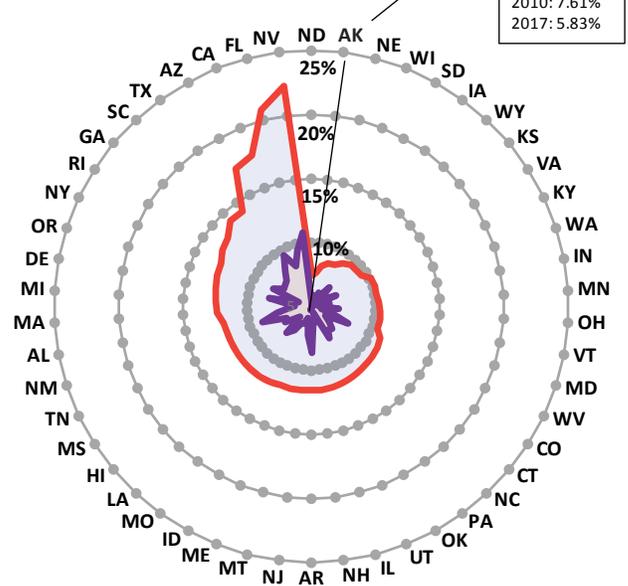
Loan Delinquency Rates, U.S. Recession vs. Now

BY STATE AND LOAN TYPE, 2010 AND 2017

Mortgage Debt Delinquency Rates

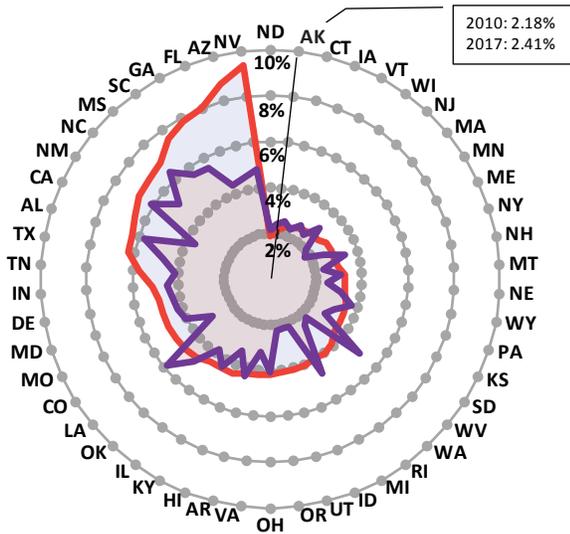


Credit Card Debt Delinquency Rates

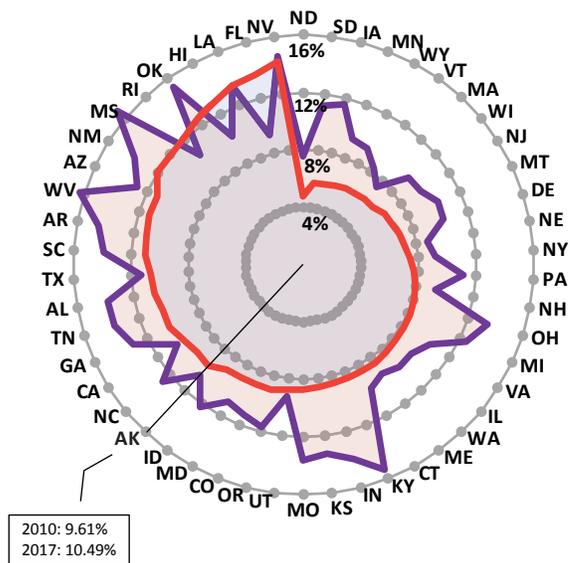


■ 2010 ■ 2017

Auto Loan Debt Delinquency Rates



Student Loan Delinquency Rates



Source: State Level Household Debt Statistics 2003-2017, Federal Reserve Bank of New York, February 2018

debt data is delinquency rates by type and state. This article defines delinquency as at least 90 days overdue, or a loan on which the borrower has missed at least three consecutive payments.

One clear takeaway from the delinquency data is that households in every state were managing mortgage debt better in 2017 than during the worst of the national housing crisis in 2010. (See Exhibit 5.) Florida and Nevada had especially high delinquency rates in 2010: a staggering 20 and 17 percent, respectively. Seven years later, Florida's mortgage delinquency rate had shrunk to 1.3 percent and Nevada's to 1.6 percent.

Alaska's mortgage delinquency rate was only slightly elevated in 2010, at 2.5 percent — fifth lowest that year — and was down to just 0.75 percent by 2017.

Credit card delinquency rates followed a similar pattern

Credit card delinquency data show a similar but less dramatic pattern of lower delinquency in 2017 than in 2010. Nevada and Florida were again the extreme examples, with Nevada's credit card delinquency rates falling from 22 percent in 2010 to 11 percent in 2017 and Florida's dropping from 21 percent to 9 percent. Alaska's rates, which were never particularly high, dipped from 7.6 percent to 5.8 percent.

Decline less dramatic for auto and student loan delinquency

Auto loan delinquency rates were mostly lower in 2017 than in 2010, but the decline was far less pronounced than for mortgage and credit card delinquency. Alaska's auto loan delinquency rate was the lowest in the country in 2010, just 2.2 percent, and it wasn't much higher in 2017 (2.4 percent).

The general economic distress that delinquency rates signal shows up again in the states hit hardest by the U.S. housing market's turbulence and price collapse. Nevada's auto loan delinquency rate rose to 9.4 percent in 2010, and Arizona wasn't far behind at 8.8 percent. By 2017, they'd fallen back to 4.8 and 4.6 percent, respectively.

The narrative changes with student loan delinquency rates, which were higher in 2017 in almost all states. Alaska was typical, with a delinquency rate rising from 9.6 percent in 2010 to 10.5 percent in 2017.

Note that while there are other measures of student loan debt and delinquency rates, the point here is to

compare types of debt and delinquency across states from a reliable source like the New York Federal Reserve, and not necessarily to pinpoint the most precise data for Alaska.

What it all means

Whether debt is good or bad for a household depends on the value of what's purchased. Mortgages and auto loans are called "secured" debt because the house or vehicle provides some protection to the lender if the borrower defaults. The ability to foreclose on an unpaid mortgage or repossess a car is part of what makes banks and other lenders willing to finance them at certain rates.

Generalities are hard to make when it comes to debt, though. Student loan debt can be a smart financial move for people whose completed degree qualifies them for a lifetime of higher earnings. But it can be unwise to take on student loans if they don't result in a marketable degree or credential.

Even credit card debt can sometimes be used to increase a household's net worth, although of the four types of debt, it is most likely to represent a choice to consume now and pay later (and often to pay much more later).

In terms of what to monitor, stability of debt appears to be most telling. Rapidly increasing debt should get our attention because it isn't sustainable and usually leads to contraction or recession as the economy adjusts, often painfully.

That's one lesson of the past few decades for a state or national economy. If debt is rising much faster than inflation, as mortgage debt was in the early part of the 2000s, something will eventually have to give. Student loan debt falls into that category now, although because it's so much smaller as a percentage of households' total debt, it may continue to climb for a while before something gives.

Overall, it's clear that despite the state's economic downturn, Alaskans' household debt and delinquency haven't changed substantially in recent years. National factors, much more than anything state-specific, have driven most of the change over the last 15 years.

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Still in a recession (but not everywhere)

Some areas continue to add jobs while others sustain major losses

By NEAL FRIED

Data for the fourth quarter of 2017 show Alaska is still in a recession, at least on the statewide level, but the employment picture varies widely around the state. While statewide average monthly employment is down by more than 10,000 from 2015 levels, employment in nearly half of Alaska's 29 boroughs and census areas actually grew over that period. (See Exhibit 1.)

The job gainers

Most of the areas that remain relatively unscathed by the recession lack direct ties to oil activity or large concentrations of state government employment, which includes the University of Alaska.

All areas benefit from a sizeable annual revenue stream from the state, the best example being the money local school districts receive from the State of Alaska, but school funding hasn't yet sustained significant cuts, unlike state government budgets.

The areas that have added jobs since 2015 have large fishing or visitor industries, or both. Fishing and tourism are less susceptible to the effects of falling oil revenues — in fact, both industries ben-

efit from lower energy prices.

Job gainers with large fishing industries include Dillingham and Prince of Wales-Hyder as well as the Bristol Bay, Aleutians East, and Lake and Peninsula boroughs. Tourism-dependent areas include Skagway and the Denali Borough, which are home to the two most visited national parks in Alaska: the Klondike Gold Rush Historical Park and Denali National Park. Ketchikan and Hoonah-Angoon have fishing plus tourism.

Valdez-Cordova is the Trans-Alaska Pipeline terminus but is also home to the important Prince William Sound fishery. Despite its oil ties, the area gained a small number of jobs over the period.

A few areas, most notably the Matanuska-Susitna Borough, gained total jobs over the period but began to lose jobs late in 2017, so it remains possible that the recession's effect on some places is simply delayed.

The job losers

Four areas sustained the largest job losses between 2015 and late 2017: the North Slope Borough, Anchorage, the Kenai Peninsula Borough, and the Fairbanks North Star Borough.

While statewide employment is down by 10,000 from 2015, nearly half of Alaska areas added jobs.

1

Recession Affects Some Areas More Than Others

EMPLOYMENT BY BOROUGH OR CENSUS AREA, 2015 TO 2017

	2017 jobs	2016 jobs	2015 jobs	Change 2015-2017	Percent chg 2015-2017
Alaska	327,772	332,207	338,288	-10,516	-3.1%

Areas That Gained Jobs

Bristol Bay Borough	1,214	1,193	1,051	163	15.5%
Lake and Peninsula Borough	945	860	840	105	12.5%
Denali Borough	2,238	2,146	2,109	129	6.1%
Aleutians East Borough*	2,421	2,504	2,351	70	3.0%
Prince of Wales-Hyder Census Area	2,205	2,120	2,146	59	2.7%
Hoonah-Angoon Census Area	785	776	766	19	2.5%
Yukon Koyukuk Census Area	2,195	2,148	2,148	47	2.2%
Matanuska-Susitna Borough*	23,193	23,280	22,838	355	1.6%
Kusilvak Census Area	2,471	2,412	2,439	32	1.3%
Dillingham Census Area*	2,583	2,637	2,558	25	1.0%
Skagway, Municipality	1,055	1,014	1,045	10	1.0%
Valdez-Cordova Census Area	4,923	4,832	4,882	41	0.8%
Bethel Census Area	7,122	7,058	7,093	29	0.4%
Ketchikan Gateway Borough	7,472	7,411	7,461	11	0.1%

Areas That Lost Jobs

Juneau, City and Borough	17,713	17,912	17,933	-220	-1.2%
Wrangell, City and Borough	845	861	856	-11	-1.3%
Haines Borough	985	966	1,000	-15	-1.5%
Northwest Arctic Borough	2,847	2,853	2,896	-49	-1.7%
Fairbanks North Star Borough	37,640	37,866	38,498	-858	-2.2%
Kenai Peninsula Borough	19,841	20,035	20,423	-582	-2.8%
Nome Census Area	3,857	3,816	3,987	-130	-3.3%
Southeast Fairbanks Census Area	2,487	2,542	2,587	-100	-3.9%
Kodiak Island Borough	6,156	6,281	6,502	-346	-5.3%
Sitka, City and Borough	4,286	4,229	4,561	-275	-6.0%
Aleutians West Census Area	3,459	3,738	3,778	-319	-8.4%
Anchorage, Municipality	150,930	153,174	156,084	-5,154	-3.3%
Petersburg Borough	1,258	1,312	1,382	-124	-9.0%
Yakutat, City and Borough	249	267	291	-42	-14.4%
North Slope Borough	12,576	14,038	16,055	-3,479	-21.7%

*These areas began to lose jobs in 2017 but have still gained jobs overall since 2015.

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

North Slope lost the largest number of jobs by far, all tied to the oil industry. Oil-related employment on the North Slope hit a peak of 13,485 in March 2015, then plummeted to just 8,228 jobs by November 2017.

Anchorage, headquarters to the state's oil industry, shed jobs as its oil industry and state government both contracted, a story that also played out in Kenai. Fairbanks had both of those plus the added blow of deep cuts at University of Alaska Fairbanks. UAF lost more than 400 jobs over the period.

Juneau, the capital, lost 350 jobs in its large state government sector.

Not all areas' losses were casualties of lower oil prices. Losses in Kodiak and Sitka were due to volatility in local fisheries rather than oil or state government, for example.

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ALASKA'S WHOLESALE TRADE INDUSTRY

Small industry a foundation for retail, state's largest employer

By NEAL FRIED

Wholesale trade is a small and relatively invisible industry — it doesn't have regular contact with the public, unlike retail — but it's considered a critical cog in a well-functioning economy. Retail trade, Alaska's largest employer, depends heavily on its smaller counterpart. (See the sidebar on the next page for a comparison of the two industries.)

Wholesale trade produced 6,337 jobs in 2017, or just under 2 percent of the state's total. That's half its share of employment nationally and in Washington, largely because Alaska's economy is small and disproportionately dependent on wholesale from else-

where in the U.S., namely Seattle and other parts of the Pacific Northwest.

Alaska's wholesalers sold \$9.6 billion in goods to retailers in 2012, the most recent year available.

A gauge of U.S. economic health

On a national level, the change in sales of wholesale durable goods is considered a measure of economic well-being. Durable goods include bigger-ticket items such as cars, machinery, and furniture. The other wholesale category, nondurables, includes often-essential items that are consumed quickly, such as groceries, gasoline, and paper. (See Exhibit 1.) In Alaska, the biggest whole-

1 Types of Wholesale Goods

ALASKA, JOBS BY CATEGORY, 2017

Wholesale Trade	6,377
Durable Goods	2,678
Motor Vehicle, Parts	210
Furniture, Home Furnishing	62
Lumber, Other Materials	106
Professional, Commercial Equipment	348
Metal, Mineral except Petroleum	114
Electrical, Electronic Goods	182
Hardware, Plumbing, Heating	334
Machinery, Equipment	1,083
Miscellaneous Durable Goods	241
Nondurable Goods	3,148
Paper, Paper Product	108
Drugs, Druggist Sundries	148
Apparel, Piece Goods, Notions	*
Grocery, Related Products	1,775
Chemical, Allied Products	*
Petroleum, Petroleum Products	566
Beer, Wine, Distilled Beverages	248
Wholesale, Electronic Markets	511

*Not disclosable to protect individual employers' data
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

sale employment categories are groceries, petroleum products, and machinery.

Wholesale hit by the recession

Alaska's wholesale industry is too small to use as a gauge for economic health and its employment is erratic, which is common for small industries. Even mi-

nor changes in employment can swing the overall number considerably.

But while wholesale's employment pattern over the last decade is less clear than retail's, wholesale has taken a similar hit during Alaska's recession. Wholesale employment fell 3 percent between 2015 and 2017, a loss of about 200 jobs. (See Exhibit 2.) (See the April issue of *Trends* for an in-depth look at how the recession and e-commerce have affected retail trade.)

Jobs pay more than retail, most are in Anchorage

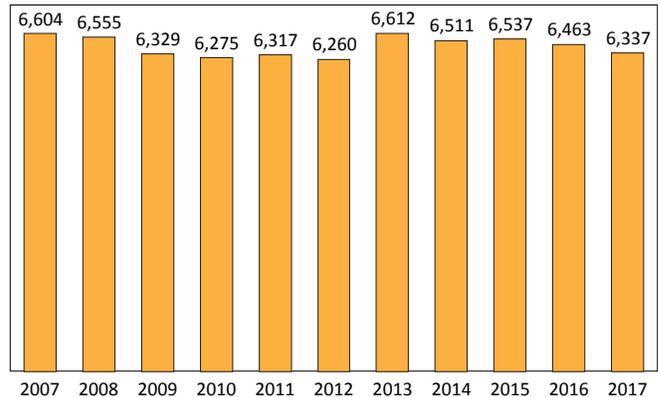
Wholesale trade pays considerably more on average than retail. The \$356 million the industry paid in wages in 2017 averaged about \$56,000 per job, which was 6 percent higher than the statewide average wage for all industries and well above retail's average of \$31,152.

Nearly three-quarters of these jobs are in Anchorage, with the remainder in other large communities. (See Exhibit 3.) While Fairbanks is about the same size as

2

Wholesale Lost Some Ground

NUMBER OF JOBS, 2007 TO 2017



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

the Matanuska-Susitna Borough, it has more than three times as many wholesale jobs. Even the Kenai Peninsula Borough and Juneau have larger wholesale workforces than Mat-Su, likely because Mat-Su's proximity to Anchorage means Anchorage supplies most of its wholesale needs. And unlike Mat-Su, Fairbanks and Juneau provide wholesale services to the smaller communities in their regions.

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

How wholesale and retail differ

Wholesalers usually work out of warehouses and offices tucked away in industrial areas, buying goods in large quantities at lower prices from manufacturers and agricultural producers and reselling them to retailers. Unlike retailers, wholesalers sell to businesses but not usually to customers. They seldom advertise or have walk-in traffic.

Retailers often buy from wholesalers rather than directly from manufacturers because it allows them to purchase multiple types of goods without dealing with too many producers. A grocery store, for example, carries thousands of items. The wholesaler profits by charging retailers slightly more than it paid for the goods.

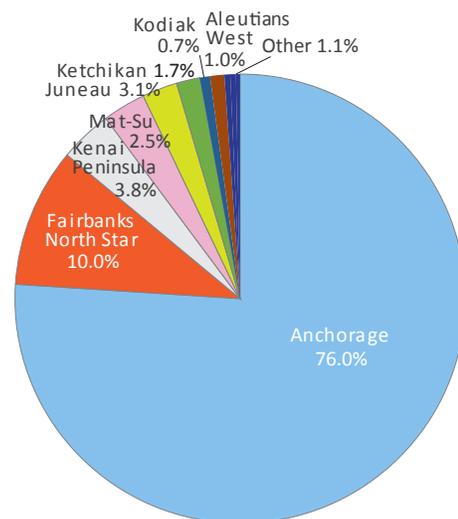
In addition to the convenience, wholesalers provide warehousing for retailers that don't immediately need or have the space to store their products, and they provide new product ideas and connect smaller businesses to larger markets.

The lack of contact with consumers is what distinguishes a wholesaler from a retailer, so large warehouse clubs like Costco aren't considered wholesalers even though they serve as suppliers for restaurants or other small businesses.

3

Wholesale Jobs by Area

ALASKA, 2017



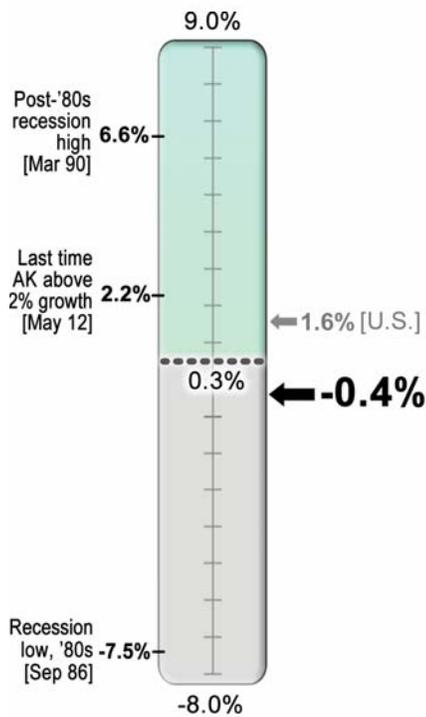
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Gauging Alaska's Economy



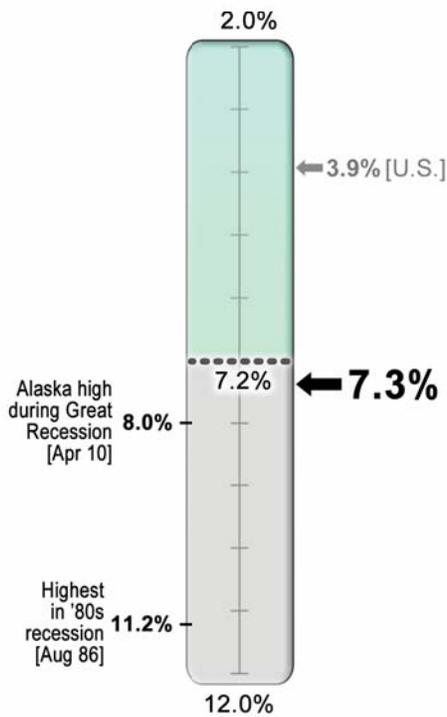
Job Growth

April 2018
Over-the-year percent change



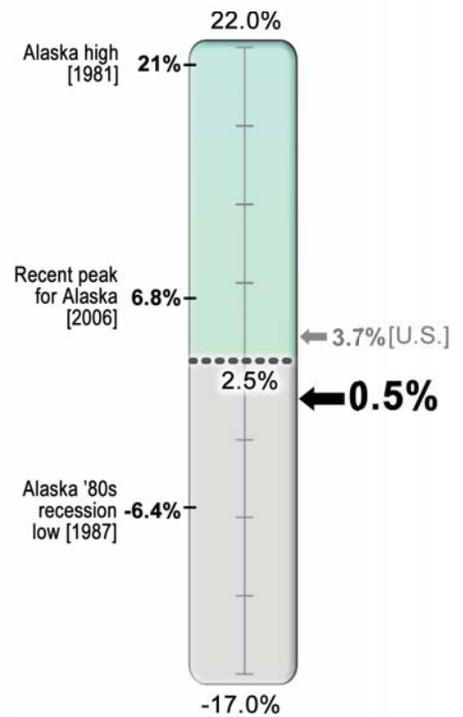
Unemployment Rate

April 2018
Seasonally adjusted



Wage Growth

4th Quarter 2017
Over-the-year percent change



- April was the 31st consecutive month Alaska has recorded job losses.
- Alaska had 25 consecutive months of job losses during the state's 1980s recession, although the magnitude of the losses in the '80s was much larger as a percentage of total jobs.
- Job losses during the current recession were at their worst in September 2016 (-2.5 percent).

- Alaska's unemployment rate is the highest in the nation, but is only one-tenth of a percentage point above its 10-year average.
- Unemployment rates are more complicated as an economic indicator than job growth, although most of the time high rates signal economic weakness.
- In the short term, unemployment rates can rise because a state is especially attractive to job seekers (a positive) or fall because people have given up on looking for work (a negative).

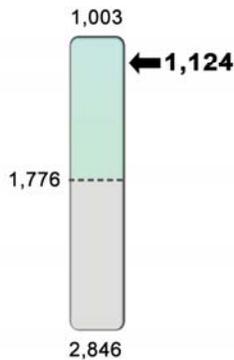
- Wage growth or decline is one of the most basic and useful measures of overall economic health.
- Resumed and sustained wage growth, when it occurs, will be one of the best indicators that Alaska's recession has ended.
- After being up slightly in the first quarter, wages fell in the second and third quarters of 2017 compared to their year-ago levels.

Gauging Alaska's Economy

----- ALASKA'S 10-YR AVERAGE
 ← CURRENT ALASKA

Initial Claims

Unemployment, week ending April 7, 2018†

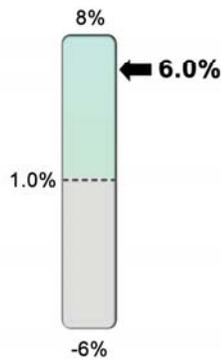


➤ For a variety of reasons, initial claims are well below the 10-year average despite job losses.

† Four-week moving average ending with the specified week

GDP Growth

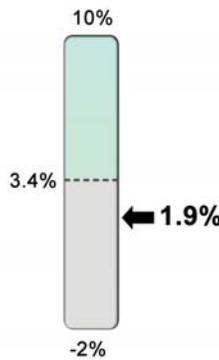
4th Quarter 2017
Over-the-year percent change



➤ Gross domestic product is the market value of all goods and services. It's promising for economic recovery that growth has been positive for five consecutive quarters after declining for several years.

Personal Income Growth

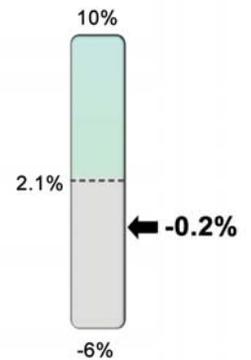
4th Quarter 2017
Over-the-year percent change



➤ Personal income includes wages as well as government transfer payments (such as Social Security, Medicaid, and the PFD) and investment income.

Change in Home Prices

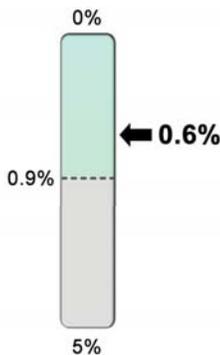
4th Quarter 2017
Over-the-year percent change



➤ Home prices include only those for which a commercial loan is used. This indicator tends to be volatile from quarter to quarter.

Foreclosure Rate

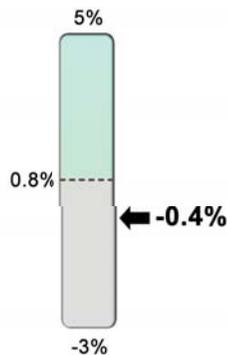
4th Quarter 2017



➤ Foreclosure rates remain very low, highlighting how different the current recession is from the '80s recession when foreclosure rates exceeded 10 percent.

Population Growth

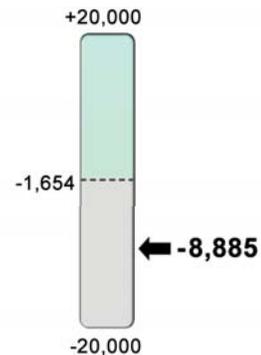
2016 to 2017



➤ The state's population has remained remarkably stable during the state's recession, although 2017 was the first year of population decline since 1988.

Net Migration

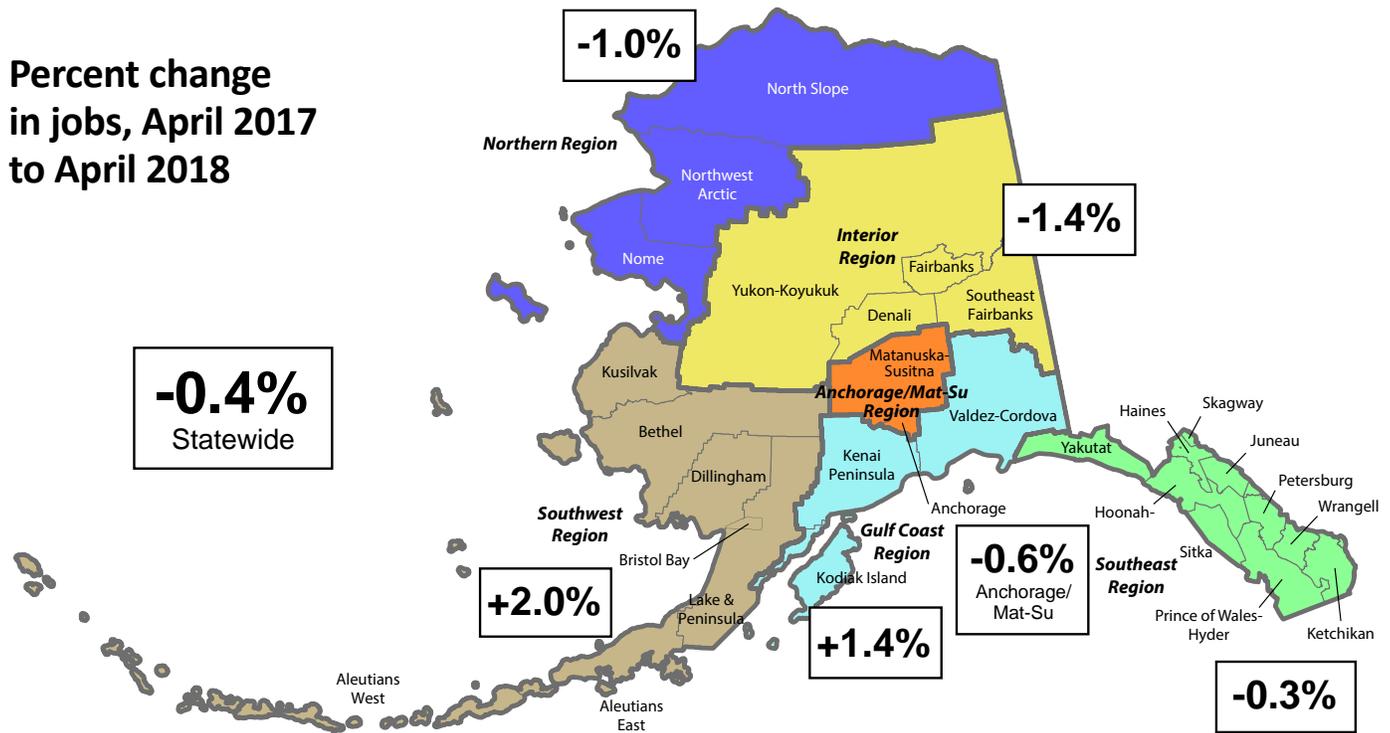
2016 to 2017



➤ The state had net migration losses for the fifth consecutive year in 2017, although natural increase (births minus deaths) offset those losses each year until 2017.

Employment by Region

Percent change
in jobs, April 2017
to April 2018



Unemployment Rates

Seasonally adjusted

	Prelim.		Revised
	4/18	3/18	4/17
United States	3.9	4.1	4.4
Alaska	7.3	7.3	7.1

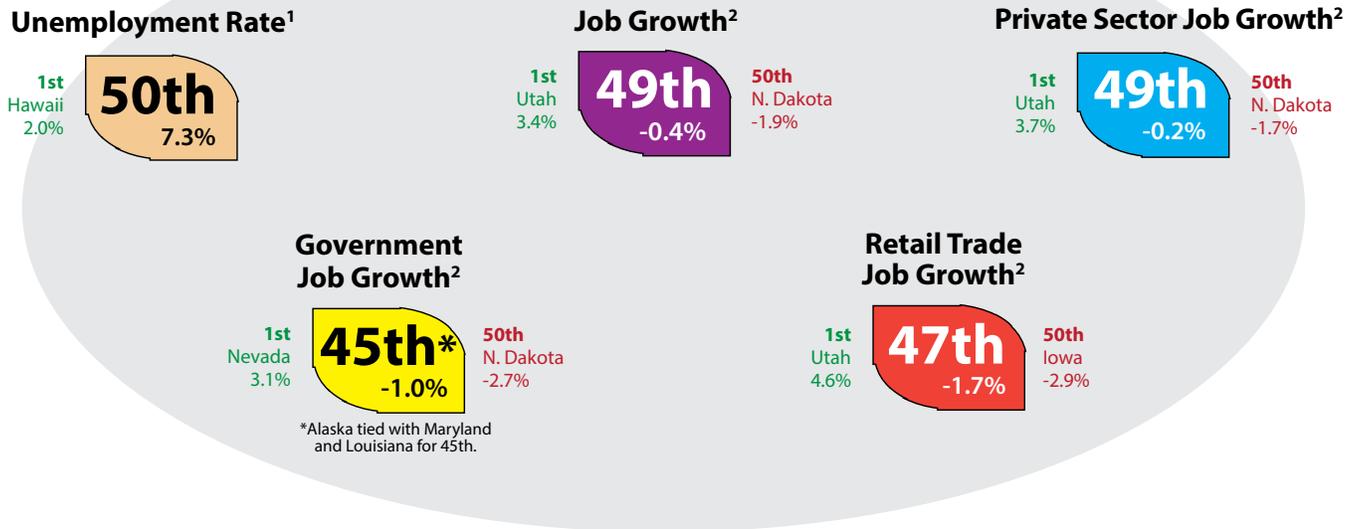
Not seasonally adjusted

	Prelim.		
	4/18	3/18	4/17
United States	3.7	4.1	4.1
Alaska	7.5	7.9	7.3

Regional, not seasonally adjusted

	Prelim.			Revised		
	4/18	3/18	4/17	4/18	3/18	4/17
Interior Region	7.7	8.0	7.3			
Denali Borough	12.4	18.3	15.0			
Fairbanks N Star Borough	6.9	6.9	6.3			
Southeast Fairbanks Census Area	10.9	12.3	10.7			
Yukon-Koyukuk Census Area	18.9	20.0	19.0			
Northern Region	12.1	11.8	12.3			
Nome Census Area	13.3	13.3	12.9			
North Slope Borough	7.2	6.8	7.3			
Northwest Arctic Borough	16.4	16.2	17.7			
Anchorage/Mat-Su Region	6.9	7.1	6.7			
Anchorage, Municipality	6.2	6.4	6.0			
Mat-Su Borough	9.0	9.7	8.9			
Southwest Region	10.3	10.2	10.6			
Aleutians East Borough	2.7	1.8	2.6			
Aleutians West Census Area	2.9	2.5	3.5			
Bethel Census Area	13.2	13.9	13.7			
Bristol Bay Borough	10.0	16.3	8.6			
Dillingham Census Area	9.9	9.7	10.0			
Kusilvak Census Area	20.8	22.6	20.7			
Lake and Peninsula Borough	13.8	15.4	13.4			
Gulf Coast Region	6.9	7.1	6.7			
Kenai Peninsula Borough	6.2	6.4	6.0			
Kodiak Island Borough	9.0	9.7	8.9			
Valdez-Cordova Census Area	11.2	12.2	11.0			
Southeast Region	6.9	7.8	6.4			
Haines Borough	10.8	15.1	9.4			
Hoonah-Angoon Census Area	16.9	20.5	14.9			
Juneau, City and Borough	4.9	5.2	4.7			
Ketchikan Gateway Borough	7.0	7.9	6.6			
Petersburg Borough	10.1	12.5	9.8			
Prince of Wales-Hyder Census Area	12.9	14.5	11.6			
Sitka, City and Borough	4.9	5.0	4.3			
Skagway, Municipality	13.5	21.0	12.1			
Wrangell, City and Borough	7.2	9.2	7.5			
Yakutat, City and Borough	8.7	9.8	8.3			

How Alaska Ranks



¹April seasonally adjusted unemployment rates
²April employment, over-the-year percent change.

Sources are U.S. Bureau of Labor Statistics and Alaska Department of Labor and Workforce Development, Research and Analysis Section, unless otherwise noted.

Other Economic Indicators

	Current	Year ago	Change
Anchorage Consumer Price Index (CPI-U, base yr 1982=100)	219.131 2nd half 2017	218.660	+0.9%
Commodity prices			
Crude oil, Alaska North Slope,* per barrel	\$71.03 April 2018	\$53.34	+33.18%
Natural gas, residential, per thousand cubic feet	\$9.65 Feb 2018	\$10.07	-4.17%
Gold, per oz. COMEX	\$1,292.00 5/21/2018	\$1,261.40	+2.43%
Silver, per oz. COMEX	\$16.52 5/21/2018	\$17.19	-3.90%
Copper, per lb. COMEX	\$308.40 5/21/2018	\$259.60	+18.80%
Zinc, per MT	\$3,099.50 5/18/2018	\$2,658.00	+16.61%
Lead, per lb.	\$1.06 5/18/2018	\$1.01	+4.95%
Bankruptcies			
Business	116 Q4 2017	109	+6.4%
Personal	4 Q4 2017	10	-60.0%
Unemployment insurance claims			
Initial filings	112 Q4 2017	99	+13.1%
Continued filings	5,688 April 2018	6,144	-7.42%
Claimant count	46,130 April 2018	48,703	-5.28%
	11,816 April 2018	13,641	-13.38%

*Department of Revenue estimate

Sources for pages 14 through 17 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. Census Bureau; COMEX; Bloomberg; Infomine; Alaska Department of Revenue; and U.S. Courts, 9th Circuit

Employer Resources

Resources for Alaska's agricultural employers

The Department of Labor and Workforce Development recognizes the essential role agriculture has played in the sustainability and growth of commodities throughout Alaska. Our local farmers, producers, and growers enhance the state economy, provide Alaskans with fresh products, and maintain marketplace competition.

Alaska has more than 750 farms, primarily in the Matanuska-Susitna Borough. Alaska agriculture includes livestock, nursery work, tree farming, and crops such as hay, potatoes, and barley. Alaska aquaculture is limited to aquatic plants like kelp and seaweed and shellfish such as oysters, mussels, clams, and scallops.

Agriculture and aquaculture are expanding in Alaska as new technologies and methods have emerged for growing and producing food in some of the harshest environments in the country, but much of the work is still seasonal.

Alaska Job Center staff help agricultural employers fill seasonal positions by finding and referring qualified Alas-

kans. Recruiting employers can call (877) 724-2539 for their nearest job center or visit the Business Connection Web site at jobs.alaska.gov/employer to find information on recruiting, labor laws, and hire incentives such as tax credits and bonding.

Agricultural employers who provide housing to their migrant or seasonal workers will want to ensure they provide safe, habitable housing. Employers can contact Alaska's state monitor advocate by emailing Yvonne.LSuwaratana@alaska.gov. The state monitor advocate ensures migrant or seasonal farm workers receive the same employment resources as all Alaska workers, and will help employers understand state and federal labor laws including the requirement to post the Notice of Migrant and Seasonal Agricultural Worker Protection Act poster in a space conspicuous to their workers. Employers can find the notice at dol.gov/whd/regs/compliance/posters.

Employer Resources is written by the Employment and Training Services Division of the Alaska Department of Labor and Workforce Development.

Safety Minute

Free trainings available during National Safety Month

In 1996, the National Safety Council established National Safety Month, observed every June, as a way to decrease the number of unintentional and preventable injuries and deaths by raising awareness of safety and health risks. According to the National Safety Council, injuries are a leading cause of disability for people of all ages and the leading cause of death for Americans ages one to 44.

Thousands of organizations across the country participate

in this event. The Alaska Occupational Safety and Health Consultation and Training section will sponsor a variety of free training opportunities, open to the public. For more information about National Safety Month in Alaska and upcoming safety training, visit our Web site at <http://labor.alaska.gov/lss/training.htm>.

Safety Minute is written by the Labor Standards and Safety Division of the Alaska Department of Labor and Workforce Development.