

Addressing Net Outmigration in Alaska's communities

Kevin Berry, PhD

Professor of Economics

Harold T. Caven Professor in Business and Finance

University of Alaska Anchorage

Conclusions

- The US economy is good
- Alaska is lagging the Lower 48 in the recovery
 - The people who are here **are** working
- Alaska faces challenges in attracting people to the state
 - And the existing labor force is aging
 - Where could new (working-age) Alaskans come from? What draws young people to Alaska?
 - Higher wages and economic opportunity relative to the Lower 48 (see above)
- How do we avoid losing people?
 - Getting “hygiene” factors right
 - Wages, childcare, cost of living, K-12, the UA system, access to amenities
 - Offer a better economic deal
 - Resource development projects
 - Economic stability

Alaska News

Alaska demographers predict population drop, a switch from prior forecasts

By James Brooks, Alaska Beacon

Updated: July 20, 2024

Published: July 20, 2024

Alaska's working-age population has declined since 2013 peak, and recovery appears dim

By Yereth Rosen, Alaska Beacon

Updated: March 12, 2023

Published: March 12, 2023

Alaska population up in 2016, even as people continued to move away

By Annie Zak

Updated: December 2, 2017

Published: January 12, 2017

Alaska's population grew slightly in 2016, despite more people moving out of the state than moving in for the fourth year in a row, according to new estimates released Thursday.

Alaska's population rose slightly in 2022, but more people continue to leave than arrive

By James Brooks, Alaska Beacon

Updated: January 16, 2023

Published: January 9, 2023

Opinions

OPINION: The problem holding back Alaska's economic potential

By Kevin Berry

Updated: May 4, 2022

Published: May 4, 2022

Alaska's population rose slightly in 2022, but more people continue to leave than arrive

By James Brooks, Alaska Beacon

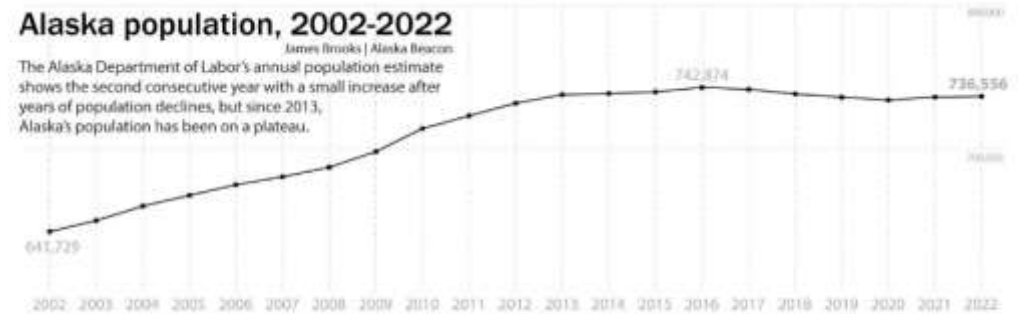
Updated: January 16, 2023

Published: January 9, 2023

Alaska population, 2002-2022

James Brooks | Alaska Beacon

The Alaska Department of Labor's annual population estimate shows the second consecutive year with a small increase after years of population declines, but since 2013, Alaska's population has been on a plateau.



This line chart shows Alaska's population, as estimated by the Alaska Department of Labor, from 2002 to 2022. (Graphic by James Brooks/Alaska Beacon)

Business/E

Alaska's working-age population continues its long decline, a headwind for the economy

By Alex DeMarban

Updated: January 16, 2024

Published: January 15, 2024

Alaska's population drops for the 4th year in a row, extending record losses

By James Brooks

Updated: January 7, 2021

Published: January 7, 2021

How do we build the Alaska we want?

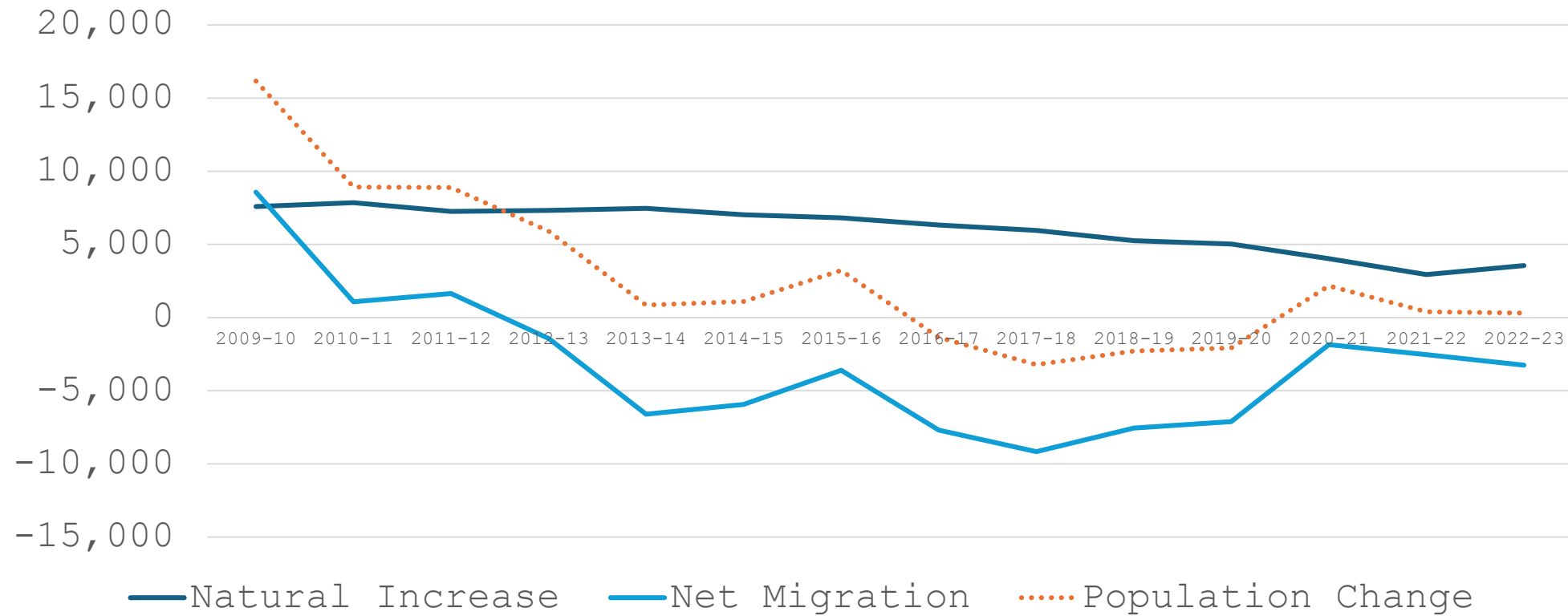
By Kevin Berry and Alexander James

Updated: November 15, 2021

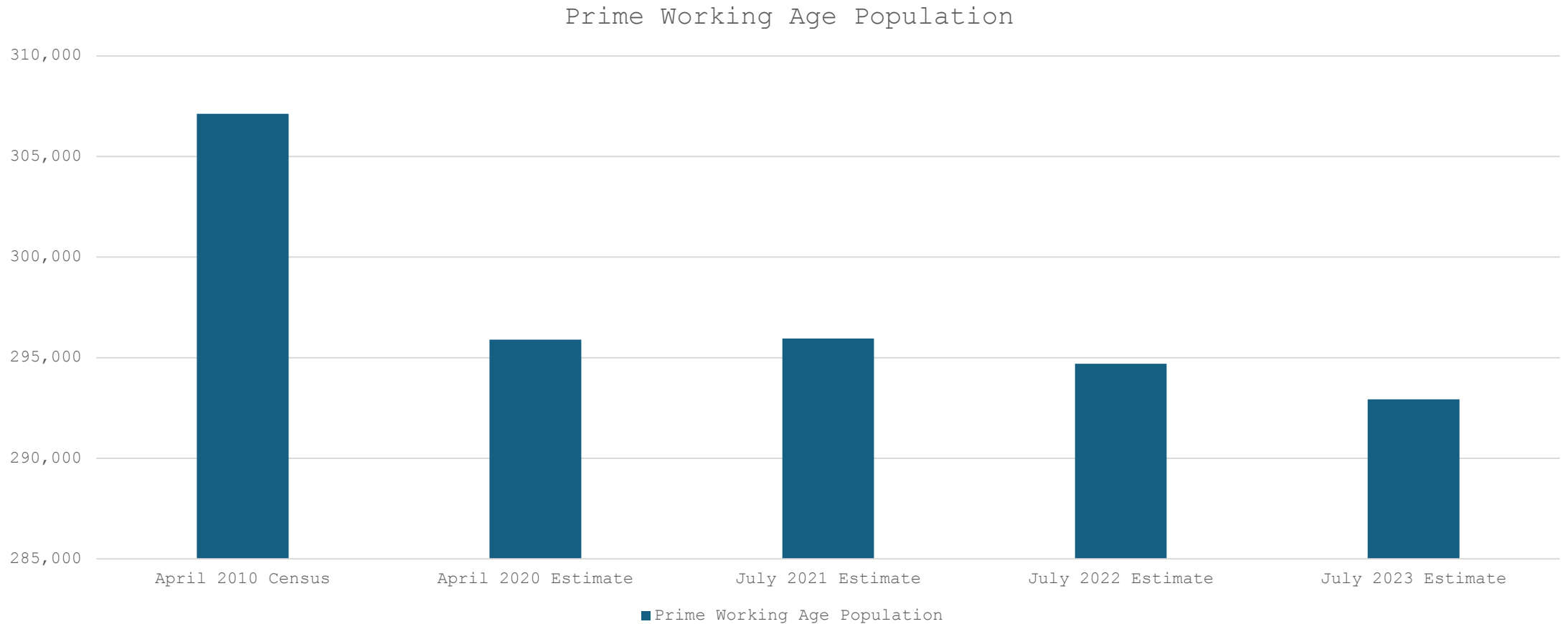
Published: November 15, 2021

Net Migration has negative since 2012

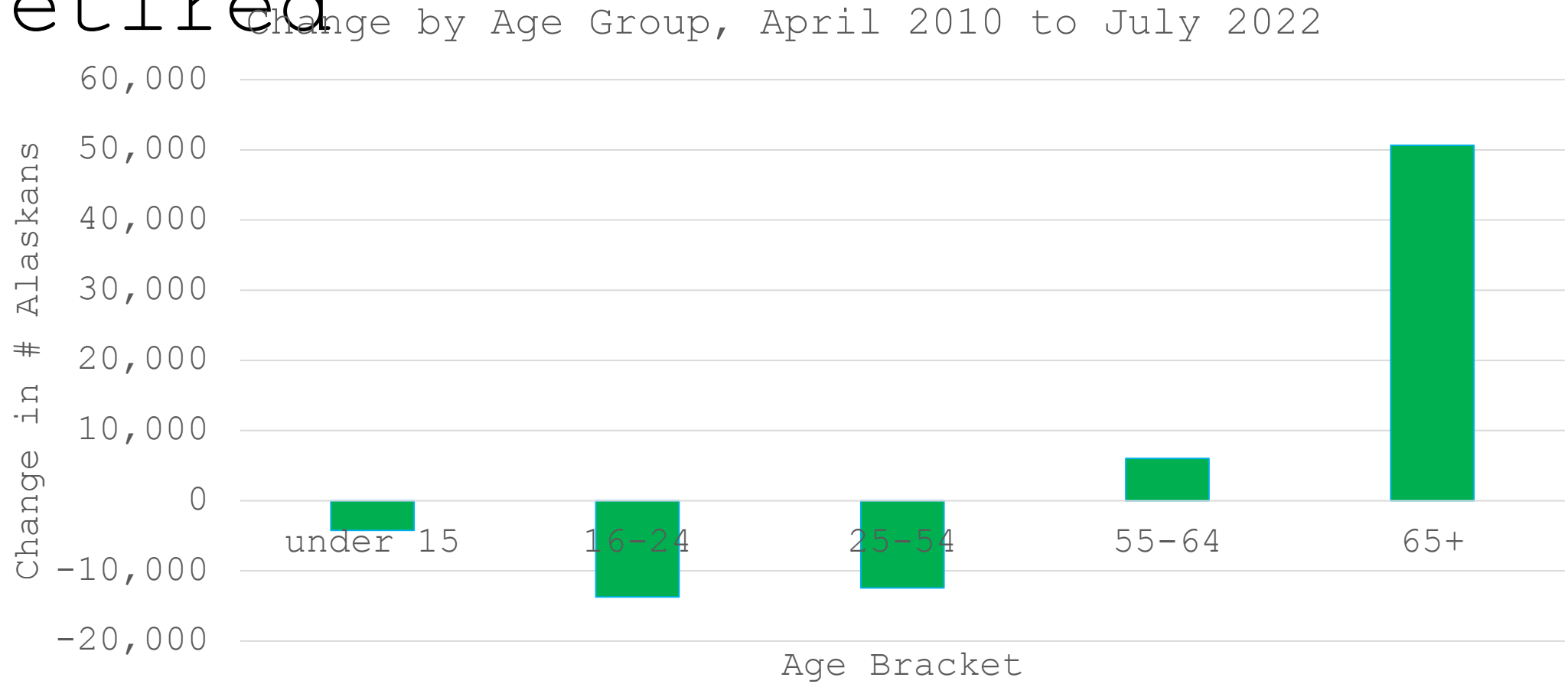
Annual Components of Population Change,
2009-10 through 2022-23



Prime Working Age Population continues to decline

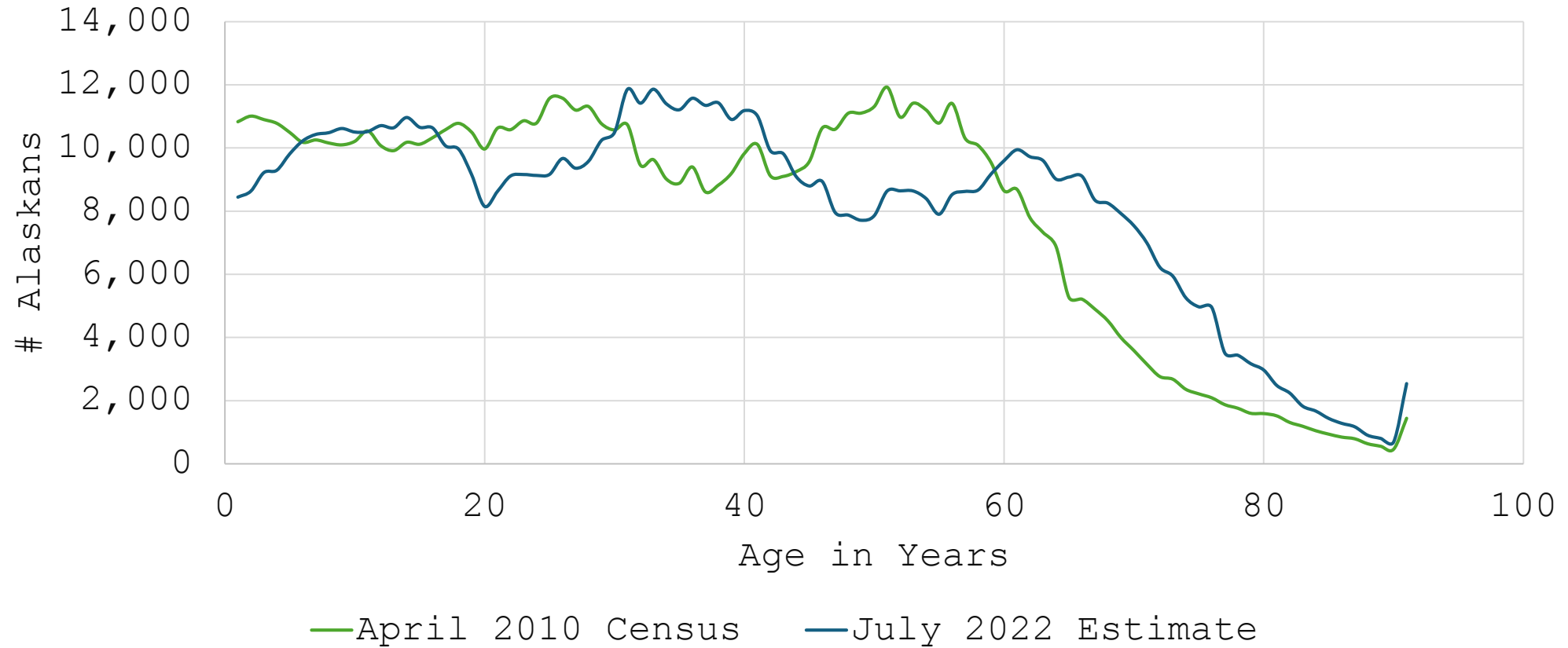


The only age brackets that are growing are the retiring or retired

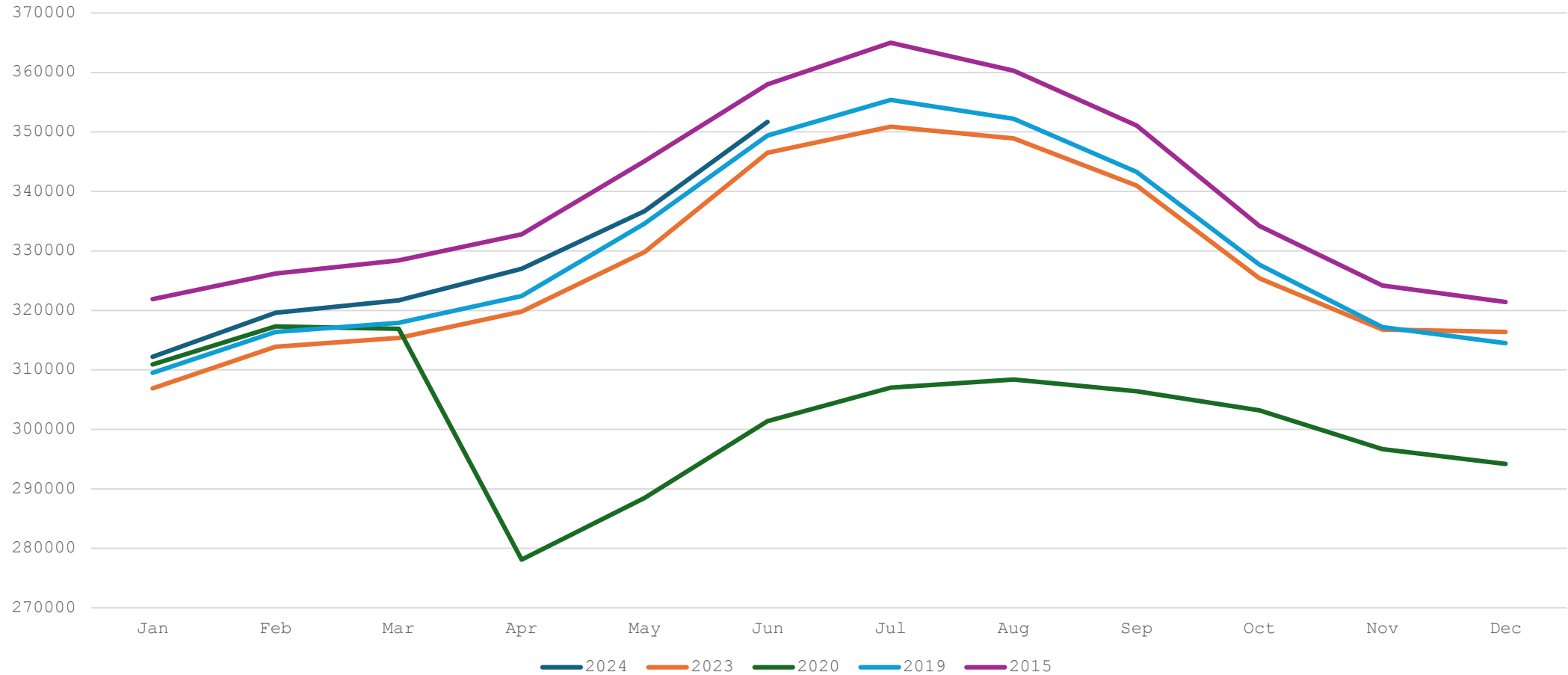


... because workers are aging!

Alaska Population by Age



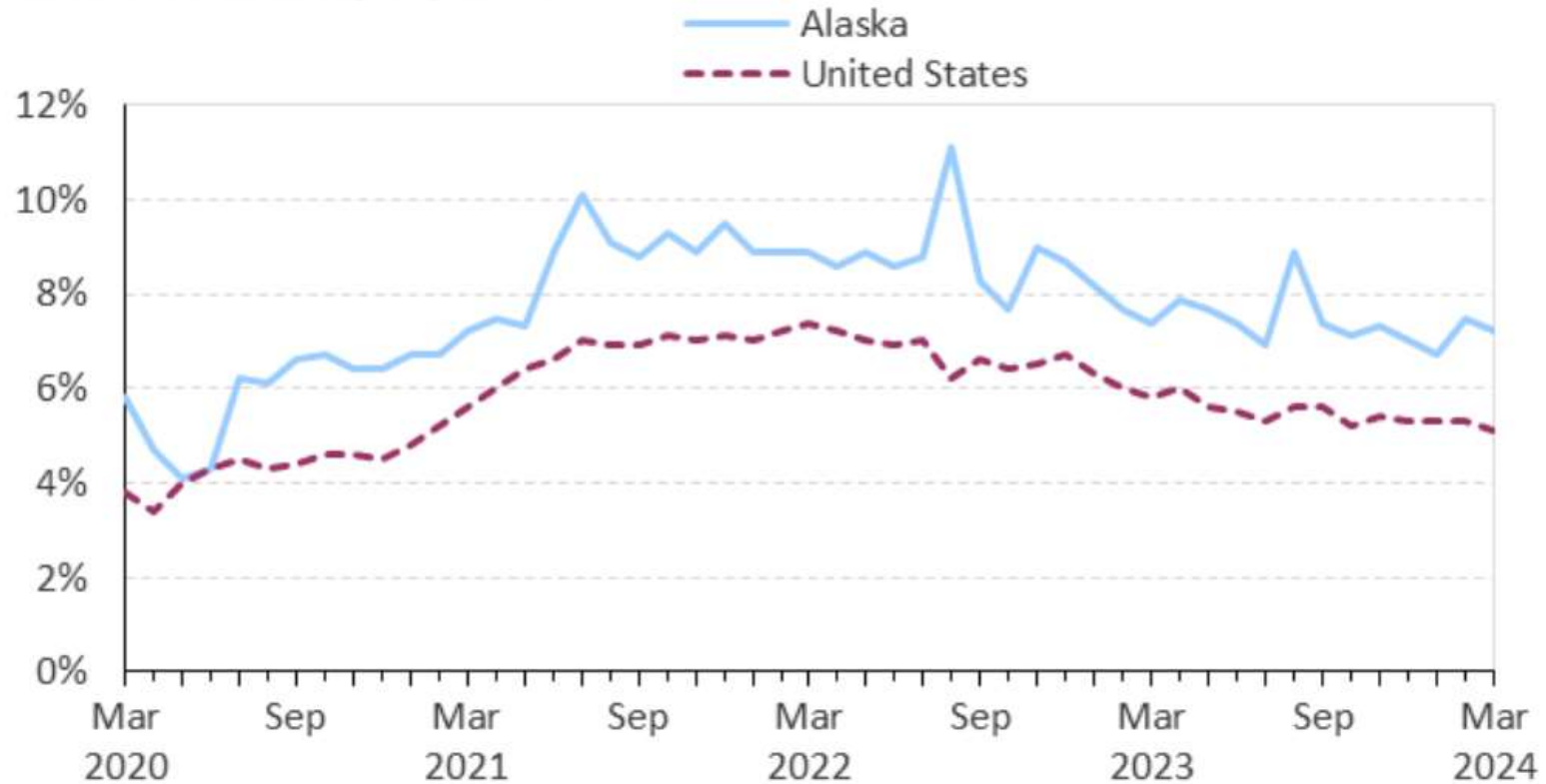
Employment has about fully recovered



Sources: Alaska Department of Labor and Workforce Development Research and Analysis

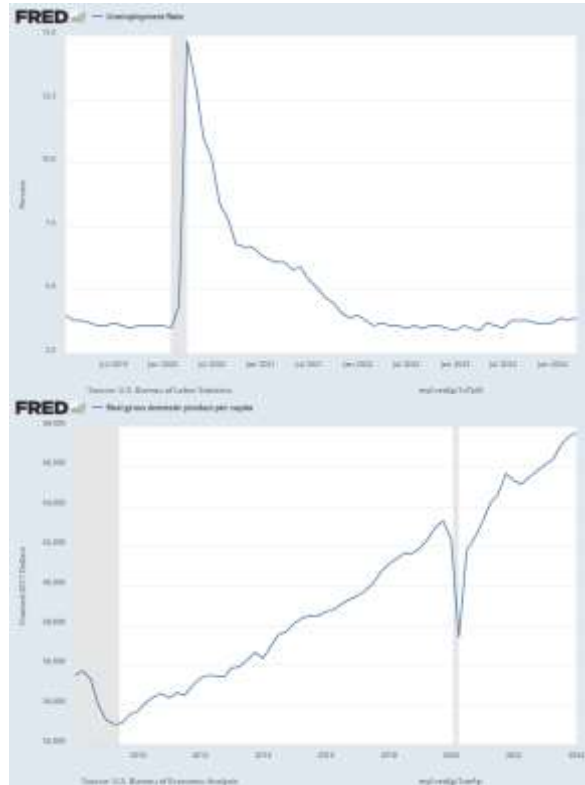
There are more jobs for people looking...

Chart 1. Job openings as a percent of employment for the United States and Alaska, seasonally adjusted



Source: U.S. Bureau of Labor Statistics.

~50% of Americans are
confidently wrong about
everything



55% of Americans believe the
economy is shrinking

56% think the US is in
recession

49% believe the S&P 500 is down
for the year

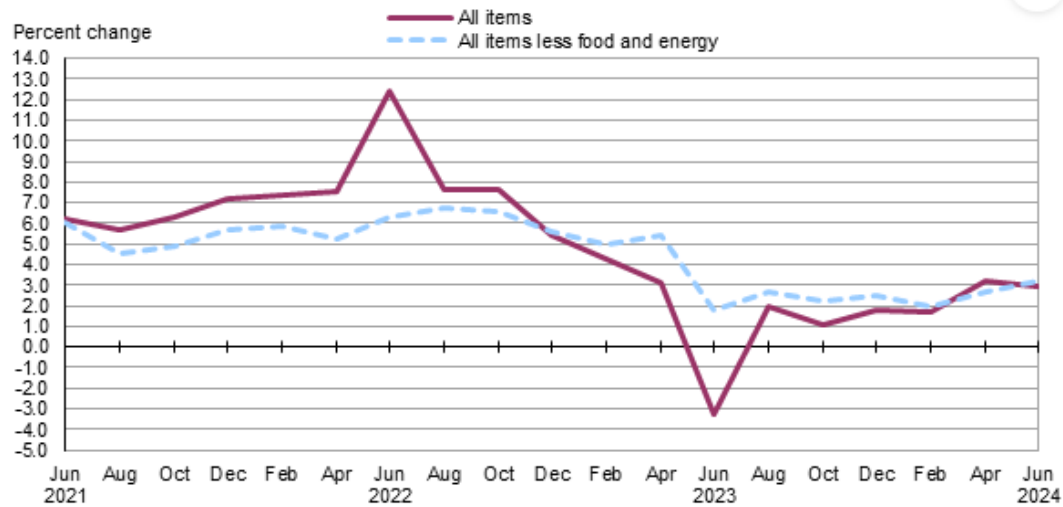
49% believe the S&P 500 is at
a 50-year high



<https://www.theguardian.com/us-news/article/2024/may/22/poll-economy-recession-biden>

Inflation has been tamed(ish)

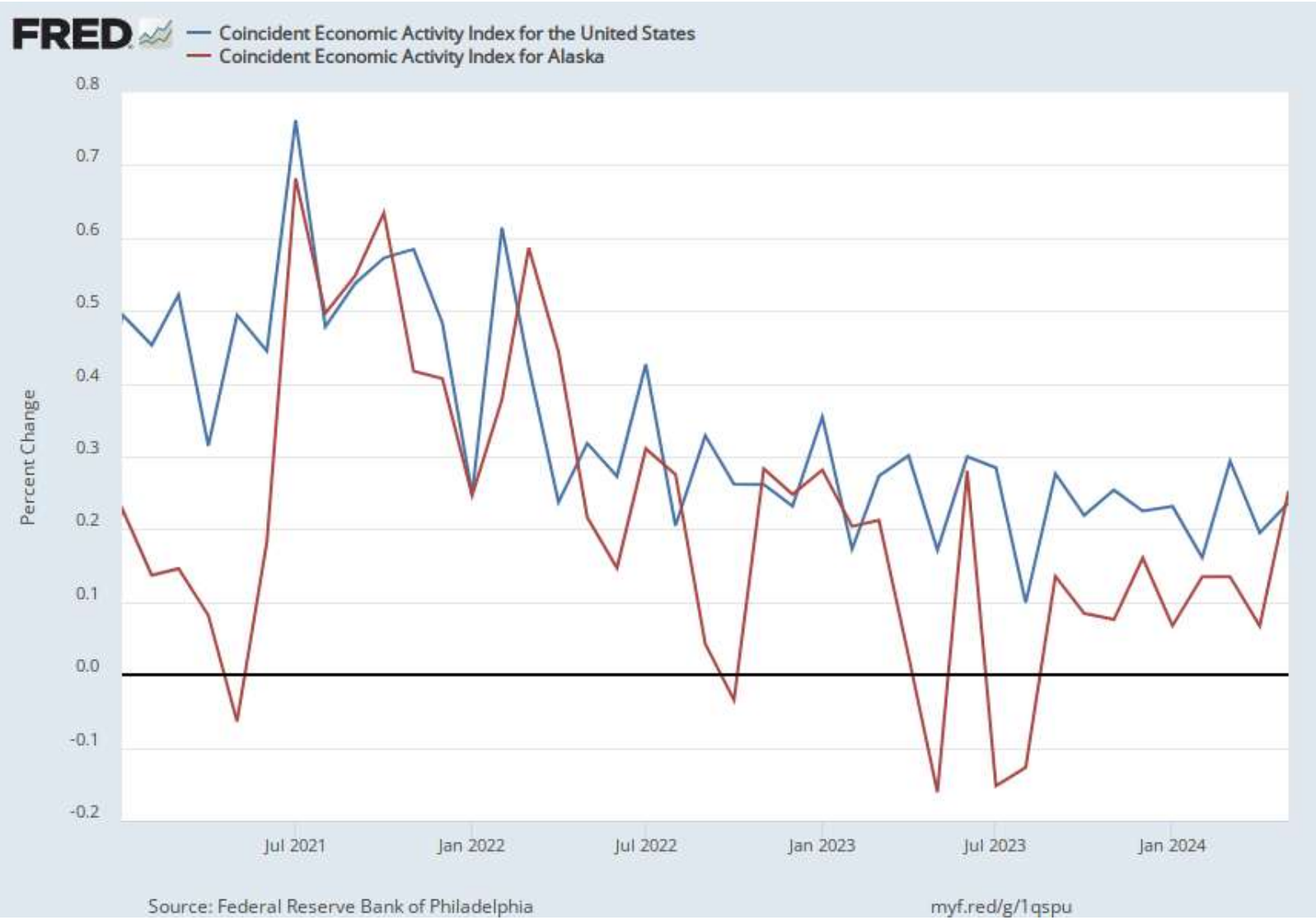
Chart 1. Over-the-year percent change in CPI-U, Urban Alaska, June 2021–June 2024



Source: U.S. Bureau of Labor Statistics.

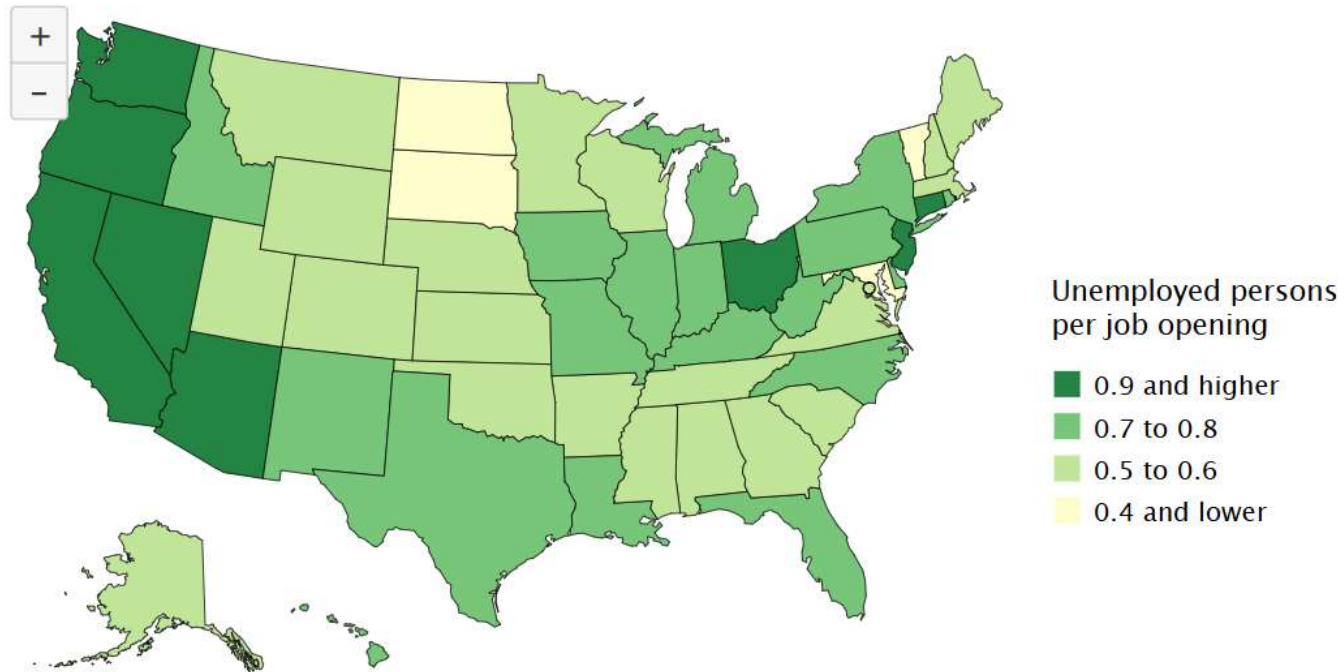
- June 2023–2024
 - Overall price level up 2.9% (was 3.2% in April)
 - Food prices up 1.8% annually
 - Driven by food away from home
 - Rent up 6.7% (owner equivalent up 5.5%)
 - Energy index down 3.8% in June (driven by gasoline
 - Electricity prices climbed significantly
 - Price of new and used motor vehicles down 8.5%

Alaska is lagging the Lower 48



Labor markets are tight nationwide

Map 1. Number of unemployed persons per job opening by state, March 2024, seasonally adjusted (U.S. ratio = 0.8)



Hover, tap on mobile devices, or use tab and arrow keys to see area data.

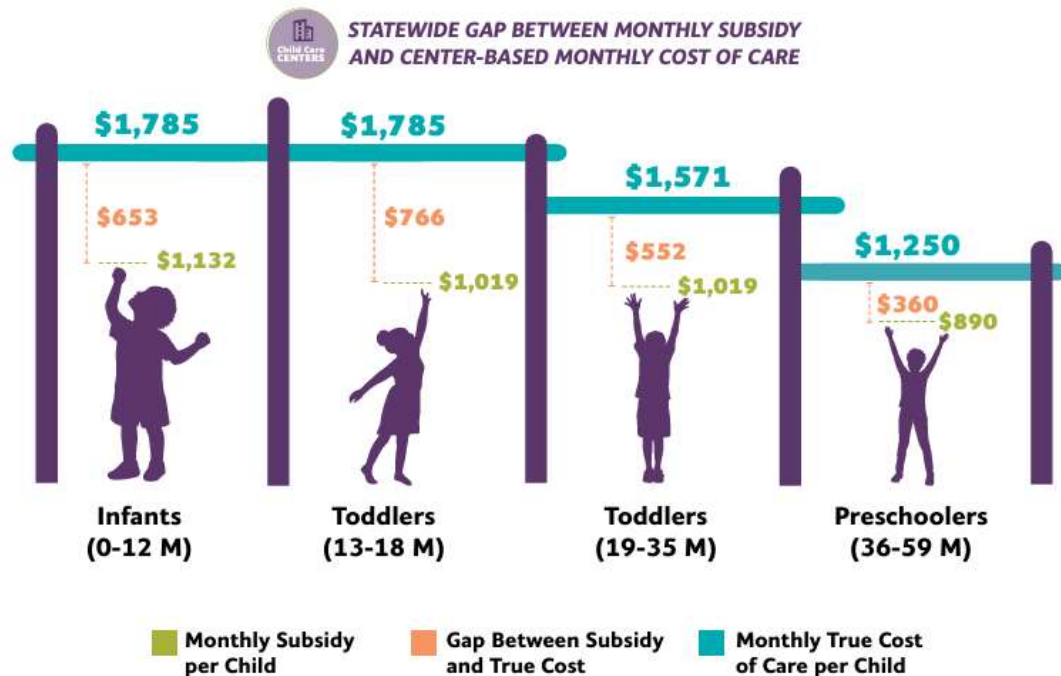
Source: U.S. Bureau of Labor Statistics.



What can we do?

- Pray for the US economy to stop being so good
 - If things elsewhere actually were bad, we'd look better in comparison
- Speed up the Alaska recovery
 - Resource development project news
 - IIJA Projects coming online (happening everywhere)
- Focus on things that attract young people to Alaska
 - Where could new (working-age) Alaskans come from?
 - Industry?
 - Military veterans?
 - University students?
 - Immigrants?
- Getting "hygiene" factors right
 - Stability, housing, wages, childcare, cost of living, K-12, the UA system, access to amenities

Example: Childcare sector faces significant challenges



2 McKinley Research Group. *Role of Early Care & Education in Alaska's Economy, 2023 Economic Impact Report*. Prepared for thread

- 51% of families in Alaska cannot fully participate in the workforce
- Average wage of a care worker is \$14/hr
- Statewide there is a gap of 21k+ kids who need care and capacity
- 33% of kids are entering kindergarten meeting 11 of 13 AK Dev. Profile goals

Infrastructure Investment and Jobs Act (2021)

- Grant awardees starting to receive discretionary funds
 - Spend down goes through FFY2031
- Formula & Direct funding started in 2022
- More than \$6 billion in federal infrastructure projects over 5 years

| Community | Project | AK Funding | Program |
|---------------------------------|------------------------------------------------|---------------|--------------------------------------------------------------------------------|
| Statewide | National Highway Performance Program | \$362,707,359 | FHWA FY22 Federal-Aid Highway Program Apportionments |
| Nome | Port of Nome | \$250,000,000 | USACE Operation and Maintenance |
| Statewide | Rural Ferry Service | \$209,000,000 | FTA's Ferry Service for Rural Communities Program |
| ALCAN Border | ALCAN Border Station | \$187,000,000 | GSA Real Property Activities; CBP Land Port of Entry Modernization |
| Seward | Lowell Creek | \$185,000,000 | USACE Operation and Maintenance |
| Statewide | Surface Transportation Block Grant Program | \$176,452,228 | FHWA FY22 Federal-Aid Highway Program Apportionments |
| Kodiak | USCG Base Kodiak Fuel Pier Upgrade | \$130,000,000 | U.S. Coast Guard - Major Shore, Housing, Aids to Navigation, Survey and Design |
| North Pole | Moose Creek Dam | \$88,000,000 | USACE Operation and Maintenance |
| Statewide, Anchorage, Fairbanks | FTA FY22 Apportionment | \$77,401,427 | FTA - Multiple Accounts |
| Statewide | Denali Commission | \$75,000,000 | Full IJA Amount |
| Anchorage | Port of Alaska | \$68,700,000 | PIDP |
| Calista Region | Calista for fiber across 10 villages in region | \$52,600,000 | NTIA Tribal Broadband |

<https://www.murkowski.senate.gov/infrastructure-wins-for-alaska>

Other Alaska happenings

- Santo's Pikka Phase One and ConocoPhillips Willow Project
 - Leading an expected \$1.16 bn construction spending (18% of total forecast)
- Investments by utilities (\$700 m, 11% of total spending)
 - Statewide broadband, water & sanitation, electricity grid
- Manh Choh key infrastructure completed
 - 500 mining, 200 transportation jobs
- \$5.6 billion State Transportation Improvement Plan
- High mortgage rates and material costs

Thank You!

Dr. Kevin Berry, PhD
Professor of Economics
University of Alaska Anchorage
kberry13@alaska.edu
907-786-4185

Alaska labor force participation is above pre-pandemic levels

