



ALASKA ECONOMIC
TRENDS

FEBRUARY 2022

**FAIRBANKS
AND
THE MILITARY**

ALSO INSIDE

Inflation hit a
31-year high

FROM THE COMMISSIONER

Infrastructure funds will bring a wealth of opportunity

By Dr. Tamika L. Ledbetter, Commissioner

There is a lot of buzz in Juneau about the federal Infrastructure bill, and for good reason. The legislation will provide \$3.5 billion over the next five years for Alaska to construct, rebuild, and maintain roads and highways, plus \$200 million in each of those years for the Alaska Marine Highway System.

Gov. Mike Dunleavy included an additional \$10 million in the FY 2023 budget for the Department of Labor and Workforce Development to expand our training so Alaskans can benefit from the job growth that will come through federal transportation construction, information technology development, and alternative energy projects.

In my day-to-day travels, I often encounter people struggling to make ends meet or feeling stuck in low-paying jobs with limited growth opportunities. It gives me the chance to encourage people to expand their horizons and take advantage of the resources available to help them advance or change careers. A common response I hear is, "I had no idea that so many opportunities were within my reach."

Alaska has a resilient network of training programs throughout the state and the funding to support the job seekers who need it. The department collaborates with a range of providers in



every region, including the University of Alaska and the Alaska Vocational Technical Training Center in Seward.

Our Alaska Workforce Investment Board, which includes private and public training providers as well as business and union representatives, allocates millions of state and federal

dollars each year to educate and train Alaskans.

Our Job Center Network works directly with Alaskans, helping them find and prepare for the state's high-demand jobs. Job centers can also set up individual training accounts and provide the funds necessary for Alaskans to upskill or gain the skills they need for new careers.

With these infrastructure funds and new opportunities on the horizon, we're preparing Alaskans for the high-demand work we know is coming. We'll work closely with our training partners — public and private, and union and nonunion — to meet the increased training needs and distribute resources in a way that will make Alaskans the winners.

Contact Dr. Tamika L. Ledbetter, Commissioner, at (907) 465-2700 or commissioner.labor@alaska.gov.



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ON THE COVER:

Near Eielson Air Force Base, a Tactical Air Control Party member assigned to the 116th Air Support Special Operations Squadron jumps out of a CH-47 Chinook for a training mission during Red Flag Alaska in June 2017. Photo by Staff Sgt. Paul Labbe

ALASKA
DEPARTMENT of LABOR
and WORKFORCE
DEVELOPMENT

Governor
Mike Dunleavy
Commissioner
Dr. Tamika L. Ledbetter

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

ON THIS SPREAD: The background image for 2022 is a sparkly Alaska shoreline, taken by Flickr user Darren Hsu. License: creativecommons.org/licenses/by-nc-sa/2.0/

If you have questions or comments, contact the authors listed at the end of each article or the editor at sara.whitney@alaska.gov or (907) 465-6561. This material is public information, and with appropriate credit it may be reproduced without permission. To sign up for a free electronic subscription, read past issues, or purchase a print subscription, visit labor.alaska.gov/trends.

How military shaped Fairbanks

The history and local roles of Fort Wainwright, Eielson

By SARA TEEL

The U.S. military was a cultural and economic mainstay for Alaska well before statehood, with nearly 50 percent of Alaska's population tied to the armed forces by the 1950s. While that percentage has fallen, the military remains integral to some communities and their economies. That's especially true of Fairbanks.

About 7.5 percent of the Fairbanks North Star Borough's population were active-duty in 2019, which was more than three times the statewide average. Including family pushes the percentage to 19. While military retiree numbers are no longer collected, the borough had 2,376 at last count in 2018.

The bulk of the state's military personnel are

stationed in Anchorage at Joint Base Elmendorf-Richardson. The Fairbanks North Star Borough is second at 36 percent with two military installations: Fort Wainwright in Fairbanks and Eielson Air Force Base near North Pole. Two others are close but outside the borough: Fort Greely outside Delta Junction and Clear Air Force Station in the Denali Borough.

The rise of military in Alaska and how it came to Fairbanks

In 1867, the United States bought Alaska from Russia for \$7.2 million. The territory had several types

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This 1943 public domain photo shows Bell P-39 Airacobras at Ladd Field in Fairbanks, which became Ladd Air Force Base and is now Fort Wainwright. The Army took over the base in 1961.

Military contract, personnel spending in Alaska

Military spending in Alaska doesn't rank that high in dollar terms, but its economic muscle is bigger here than in most states.

In 2019, the most recent year available, the \$3.5 billion Alaska received for contracts and payroll ranked 33rd and made up just 0.6 percent of total U.S. defense spending. Of that amount, \$1.97 billion went to Anchorage and \$964 million went to Fairbanks.

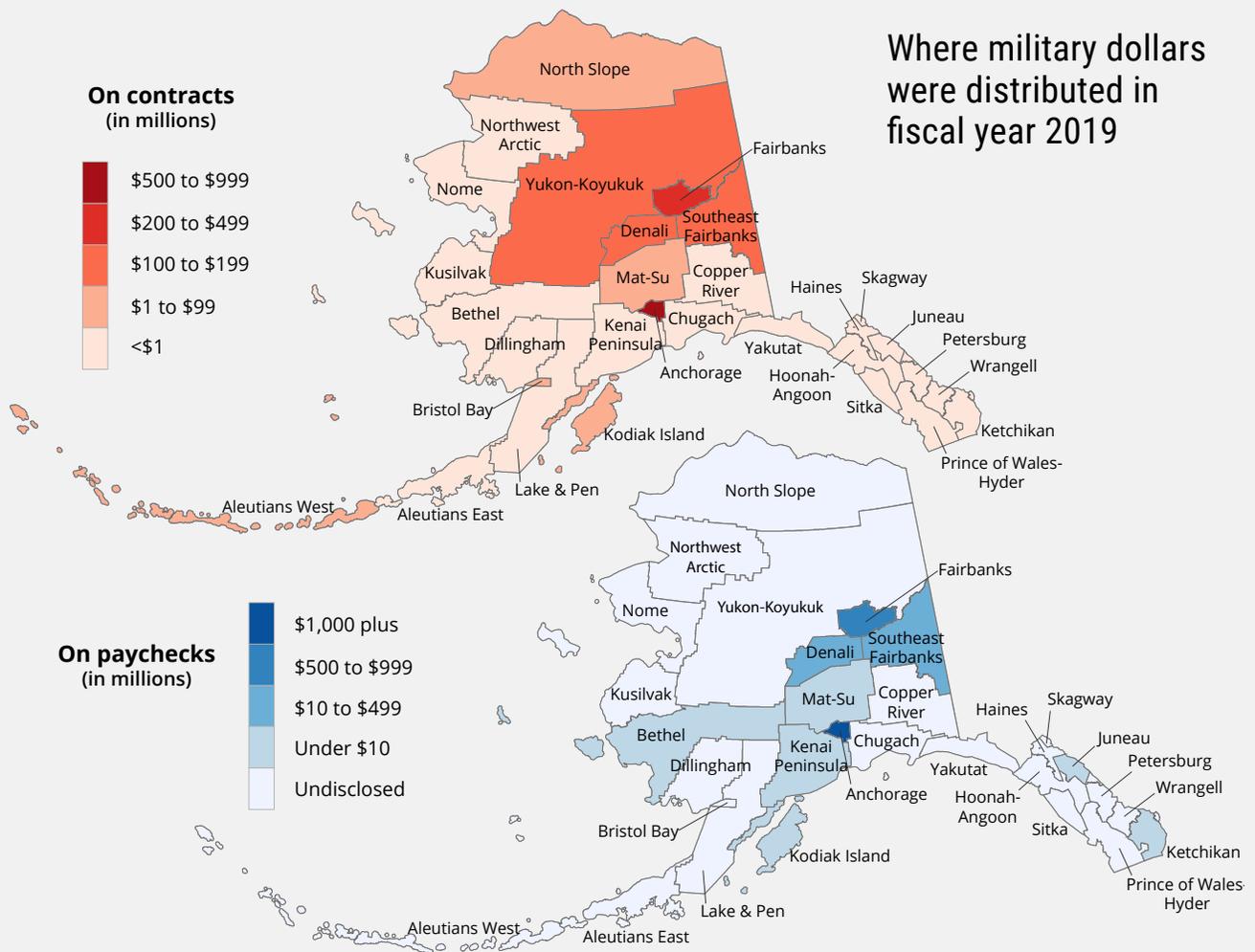
Alaska's dependence on military spending is high, however. For military spending as a total share of state gross domestic product, Alaska ranked fifth at 6.4 percent. Alaska also ranked fifth nationally for the amount

spent per resident, \$4,804, because of our small population.

Contract spending is a smaller proportion of military spending in Alaska than it is nationwide, but it's on the rise, climbing 50 percent here from federal fiscal years 2016 to 2019.

In 2019, 51 percent of Alaska's defense dollars went to contracts for products such as aircraft, ships, weapons, and services, and 49 percent went to military and civilian personnel salaries. Nationally it was 73 percent and 27 percent, respectively.

Continued on the next page



Source: U.S. Department of Defense, Defense Spending by State, Fiscal Year 2019



A Fort Wainwright soldier assigned to the 1st Stryker Brigade Combat Team, 25th Infantry Division, performs railhead operations in subzero weather in January 2018 at Joint Base Elmendorf-Richardson in Anchorage for a short-notice rapid deployment exercise. Photo by Justin Connahey, U.S. Air Force

of governance, including military rule, until the U.S. established a territorial government in 1912.

Alaska's population surged during the Gold Rush, and the need for communication between military forts in Alaska and with the contiguous states led the Army to build the Washington-Alaska Military Cable and Telegraph System, or WAMCATS.

Fairbanks wasn't part of the original plan but was linked to the system shortly after Felix Pedro discovered gold in the Tanana Valley in 1902. At the same time, the Fairbanks-to-Valdez Trail was under construction, further connecting Fairbanks to the outside world. The trail is now the Richardson Highway.

WAMCATS was completed in 1905, and while it was owned and operated by the military, Congress mandated civilian access. Eventually, most WAMCATS traffic was civilian, and the military sold the system to RCA (the Radio Corporation of America) in 1970. Today, it's AT&T Alaska.

WAMCATS was one of the first large-scale military infrastructure improvements in Alaska, and more were soon to come. By the 1920s, the Army's contribution to Alaska's initial infrastructure aided the development of the commercial aviation industry and allowed the Alaska Railroad to reach the interior.

MILITARY SPENDING

Continued from page 5

Alaska is also unique in that Native corporations are its largest beneficiaries of military contract spending. In 2019, the Arctic Slope Regional Corporation received \$173.5 million, the highest single amount allocated. The second-highest was the Chugach Alaska Corporation at \$119.1 million.

One Fairbanks subsidiary, Doyon Utilities, ranked in the top 10. Other Native corporations in the top 10 included the Calista Corporation and the Bering Straits Native Corporation.

Military contract spending in Alaska rose in recent years



Source: U.S. Department of Defense, Defense Spending by State, Fiscal Year 2019

The Army's Fort Wainwright, 'Home of the Arctic Warriors'

Fort Wainwright's founding and history

The military began to scout for potential airfield locations in Alaska in 1934, and the Army Air Corps recommended Fairbanks for cold-weather testing and a supply post.

Construction began on Ladd Field a few years later, and the first Air Corps attachment of 50 men arrived in Alaska in April 1940. Living in temporary shelters until barracks were built, they tested clothing and equipment during the winters until U.S. involvement in World War II.

Ladd Field became a transfer point for the Lend-Lease Program in 1942. Under President Franklin D. Roosevelt's administration, this program provided temporary military aid to any country whose military interests aligned with the United States. For Ladd Field, this meant the delivery of almost 8,000 aircraft to the Soviet Union to help defeat the Germans.

Ladd Field also hosted Women's Army Corps members who worked as medics, office workers, and airplane mechanics until December 1945 when the Lend-Lease Program ended.

Proximity to the Soviet Union increased Ladd Field's value as the Cold War ramped up. When the National Securities Act created the Air Force as a separate military branch in 1947, Ladd Field became Ladd Air Force Base, specializing in air defense that included photo, electronic, and weather reconnaissance; logistic supports; and arctic research. The Arctic Aeromedical Laboratory was set up during this time.

The Army took over the base in 1961, renaming it Fort Wainwright after General Jonathan M. Wainwright, a celebrated World War II general. In 1985, portions of Ladd Field were designated National Historic Landmarks because of their role in WWII. Ladd Air Force Base is also a Cold War Historic District.

Fort Wainwright today

Fort Wainwright lies within Fairbanks city limits on approximately 13,500 acres. As of the first half of 2021, about 6,700 active duty service members were stationed there with almost 6,000 family members.

Today, the base includes infantry, field artillery, engineers, logistical support, and medical staff and has hosted multiple brigades and divisions. These included the 172nd Infantry Brigade, 6th Infantry Division; the 1st Brigade, 6th Infantry Division; the 172nd Infantry Brigade; 172nd Stryker Brigade Combat Team; and now the 1st Stryker Brigade Combat Team, 25th Infantry Division. Fort Wainwright is also home to Task Force 49, a brigade-sized aviation unit that includes CH-4 Chinooks, UH-60 Black Hawks, and OH-58 Kiowas.

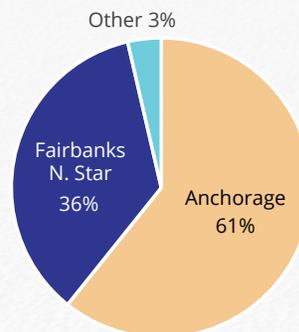
Fort Wainwright is almost a city unto itself. It has an auto center, youth and fitness centers, child care, parenting and school support services, a library, restaurants, a bowling alley, and Arctic Light Elementary School, which is part of the Fairbanks North Star Borough School District. After elementary school, kids from Fort Wainwright attend school in Fairbanks.

Over the last several years, Fort Wainwright's population ranged from a high of 14,151 in the first months of 2018 to a low of 11,536 in the last quarter of 2020. Some of the flux came from typical troop movements, but starting in September 2019, about 2,000 soldiers — seven Stryker battalions — deployed. Roughly half left for a nine-month tour in Iraq. Because most military families are not from



A gun crew from Battery B, 2nd Battalion, 8th Field Artillery Regiment sends a 155 mm howitzer round down range in the Yukon Training Area in March 2018. The regiment is part of the 1st Stryker Brigade Combat Team, 15th Infantry Division, at Fort Wainwright. Photo by John Pennell, U.S. Army

Where personnel are stationed



Notes: Includes National Guard. The other 3 percent are mainly at Coast Guard bases in Kodiak and Juneau, Clear Air Force Station in Anderson, and Fort Greely near Delta Junction.

Source: U.S. Department of Defense for federal fiscal year 2019



Members of the 354th Fighter Wing inspection team walk toward first responders in January 2015 during a major accident response exercise at Eielson Air Force Base. Photo by U.S. Air Force Staff Sgt. Joshua Turner

Alaska, they sometimes move temporarily during a deployment. The population began growing again in early 2021.

Eielson Air Force Base, 'Ready to go at 50 below'

Eielson's founding and history

Eielson Air Force Base's location was chosen for its flat terrain, encompassing about 19,700 acres on the Tanana River floodplain and the slopes of the Yukon-Tanana uplands, 26 miles southeast of



Staff Sgt. Seth Reab, an Arctic Survival School instructor, creates a small fire during training at Eielson Air Force Base. Photo by U.S. Air Force Staff Sgt. Vernon Young Jr.

Fairbanks and 10 miles south of North Pole.

Originally Eielson Airfield, the base was set up as "Mile 26" in 1943 to support Ladd Field. Carl Ben Eielson was an arctic bush pilot who flew the first airmail in Alaska from Fairbanks to McGrath. He died in a 1929 rescue mission in Siberia at age 32.

Initial construction included several runways, an operations building, and a dispensary. Mile 26 shut down when World War II ended but reopened a year later as Eielson Air Force Base. The 5010th Wing, formed in 1949, served as host for more than 30 years. Major construction began in the 1950s, with some buildings and dormitories still in use today.

Also early in the Cold War, Eielson disassociated from Ladd Air Force Base when the Alaskan Air Command took control to support arctic training for the U.S. Air Force and its own base defense.

In 1981, the 343d Composite Wing replaced the 5010th Wing as host, and it too was replaced 12 years later by the 354th Fighter Wing. In December 1998, the 354th flew combat missions in Operation Desert Fox, the first combat experience for an Alaska-based fighter unit since World War II.

With a drop in military spending in the 1990s and a high operating cost, Eielson faced closure by 2005. The Department of Defense Base Realignment and Closure Commission proposed withdrawing 2,821 airmen and transferring the 354th Fighter Wing to

Nevada, Georgia, and Louisiana. State and local leaders and Alaska's congressional delegation helped avert the closure.

Eielson Air Force Base today

Eielson still hosts the 354th Fighter Wing, the world's northernmost U.S. fighter wing, and supports or hosts multiple operations such as the 168th Air Refueling Group, the Alaska Air National Guard, the USAF Arctic Survival School, the Alaska Air National Guard Search and Recovery Detachment 1, and the 13th Space Warning Squadron at Clear Air Force Station.

A 2016 development breathed new life into the base. Eielson was chosen to receive F-35A Lightning II stealth fighter jets, partly because of its proximity to the Arctic, the Korean Peninsula, and the South China Sea. Each F-35A fighter jet costs \$94.3 million, can fly at 1,200 miles per hour, and has a combat radius of 680 miles.

Often referred to as a bed-down, 54 total F-35A fighter jets will be stationed at Eielson by this spring. As of October, 32 had arrived.

The first jets arrived in April 2020 with a wave of new personnel and their families. In total, about 3,500 additional people will settle in and around Eielson, increasing the base population by over 50 percent and North Pole by at least 10 percent.

Eielson's population was just a fifth of Fort Wainwright's before 2020, but the arrival of the F-35As boosted Eielson from fewer than 3,000 people in 2018 to more than 7,000 as of October 2021.

Much of the increase has been in family and contractors, reducing the active duty percentage at the base from 60 percent to 48 percent. That created new challenges, such as providing adequate housing, schools, and child care. The number of family child care programs grew from one to 20 in the last year alone.

Many base buildings are as old as 70 and need refurbishment. About \$550 million was slated for new construction or renovation of existing infrastructure such as dormitories, child care facilities, and a maintenance hangar. A flight simulator is already complete.

Eielson has 1,077 homes and Fort Wainwright has 2,454 – not nearly enough to house all military families.

Fairbanks rental vacancy dropped



Source: Fairbanks North Star Borough Community Planning Rental Survey, 2017-2021. Note that Research and Analysis also produces annual rental survey data, but the borough's series provides data by quarter.

Eielson has three public schools: Crawford Elementary, Anderson Elementary, and Ben Eielson Junior/Senior High School. All three are part of the Fairbanks North Star Borough School District.

The U.S. military funded infrastructure improvements all over Alaska in past decades, and now the state benefits from the military's technological innovations. For example, last October, Eielson was selected to receive its first nuclear microreactor by 2027 under the National Defense Authorization Act.

The reactor will power and heat remote domestic military bases and reduce the coal needed for Eielson's plant. This technology could eventually help Alaska's off-road communities that rely on expensive diesel, where generator breakdowns can be life-threatening in the winter.

Military influence on the borough economy and housing market

When active-duty personnel relocate, they bring substantial purchasing power that can drive sales for grocery stores, restaurants, and car lots. This generates local jobs as well as revenue for the borough.

The military further boosts area employment by hiring civilians for on-base positions such as child care providers and contractors for military construction projects.

Bases also shape housing and rental markets. Eielson has 1,077 homes and Fort Wainwright has 2,454, but those aren't nearly enough to house all military families. The demand for off-base housing pushes up home prices and rents and lowers vacancy rates.

Fairbanks' yearly vacancy rates fluctuate because of the University of Alaska Fairbanks and the military, and the population influx from the F-35As at Eielson tightened the market. That, combined with the federal eviction moratorium during the pandemic, pushed the Fairbanks area vacancy rate down from 18.5 percent in early 2020 to 6.0 percent in 2021.

Low interest rates were another influence, having sparked demand for home ownership after falling to 2.68 percent in December 2020 for a 30-year fixed-rate mortgage. Fairbanks' home sales prices jumped more than 10 percent in the second quarter of 2021 relative to the same quarter the year before, and the number of houses sold rose 23 percent.

Eielson personnel and families are in a particularly difficult position. The Eielson dormitories are 96 percent full, and family housing is privatized with a waitlist that pushes airmen and families primarily into the North Pole area. New subdivisions have been and are being built to accommodate them, but housing remains in short supply and more personnel are coming.

In addition to the F-35As, Eielson will receive four KC-135 Stratotankers — refueling aircraft — in October. This will require an additional 132 housing units for 220 personnel. Because 69 percent of Air Force personnel prefer to rent, this will put additional pressure on the North Pole market.

The borough hasn't seen large multi-unit housing construction in decades, so the assembly is considering a tax break for that type of construction. The North Pole mayor's office is also encouraging property owners to build guest houses.

How demographics compare

Overall, the military population is younger and its racial makeup differs from Alaska as a whole, although Fort Wainwright and Eielson demographics

How demographics at the bases compare to Alaska as a whole

	Fort Wainwright	Eielson AFB	Alaska
Median age	22.6	23.7	34.3
Average family size	3.4	3.4	3.4
Average household size	3.4	2.9	2.8
Born in Alaska	9.3%	7.1%	41.8%
Median family income	\$56,052	\$73,357	\$92,588
Median household income	\$57,524	\$68,583	\$77,640
Men, 18 and over	60.4%	60.6%	52.8%
Women, 18 and over	36.0%	39.4%	47.2%
Race (one race)			
White	72.7%	85.4%	64.6%
Black/African American	14.0%	3.0%	3.3%
American Indian/AK Native	1.1%	0.8%	14.9%
Asian	3.8%	3.5%	6.2%
Hawaiian/Pacific Islander	0.5%	0%	1.2%
Other race	1.7%	1.5%	1.5%
Two or more races	6.2%	5.9%	7.2%
Hispanic ethnicity (any race)	15.9%	11.8%	7.0%

Notes: In the Census Bureau's data sets, Fort Wainwright is listed as Census Tract 11. A household can be any combination of people living in one home, related or not. May not sum because of rounding.

Source: U.S. Census Bureau, American Community Survey 2015-2019

also differ from each other.

As most active-duty personnel are young adults, the average age of someone living at Fort Wainwright is 22.6 and for Eielson, it's 23.7. That's about 11 years younger than the average Alaskan.

In terms of race, 64.6 percent of Alaska residents identify as White only, and at Fort Wainwright and Eielson, it's 72.7 percent and 85.4 percent. However, 14 percent at Fort Wainwright are Black compared to just 3 percent statewide and at Eielson. Nationwide, 43 percent of active-duty personnel are Black.

While Eielson's median family income is more than \$17,000 higher than Fort Wainwright's, both are well below the statewide median of \$92,588. However, housing is included when service members live on base. When living off base, they receive a housing subsidy that isn't reported as income, calculated by rank, location, and family size.

Sara Teel is an economist in Juneau. Reach her at (907) 465-6027 or sara.teel@alaska.gov.

Highest inflation in 30+ years

Urban Alaska's prices increased 4.9 percent in 2021

By NEAL FRIED

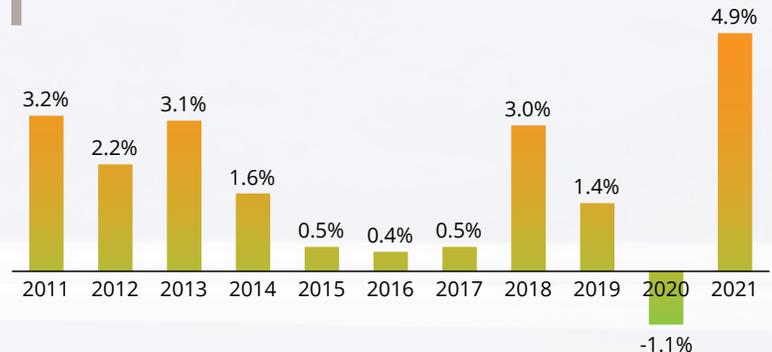
Costs jumped 4.9 percent in 2021, the highest annual inflation rate measured by the Consumer Price Index for Urban Alaska since 1990.

Looking at inflation at various points throughout the year, which is measured from the same month the year before, shows prices rose faster as the year went on.

It's important to keep in mind that 2021's inflation is relative to 2020, a year when prices fell and in some cases hard, so some increase was anticipated in 2021 as the economy started to recover.

In February, prices were up just 1.3 percent from the prior February, before the pandemic hit. The

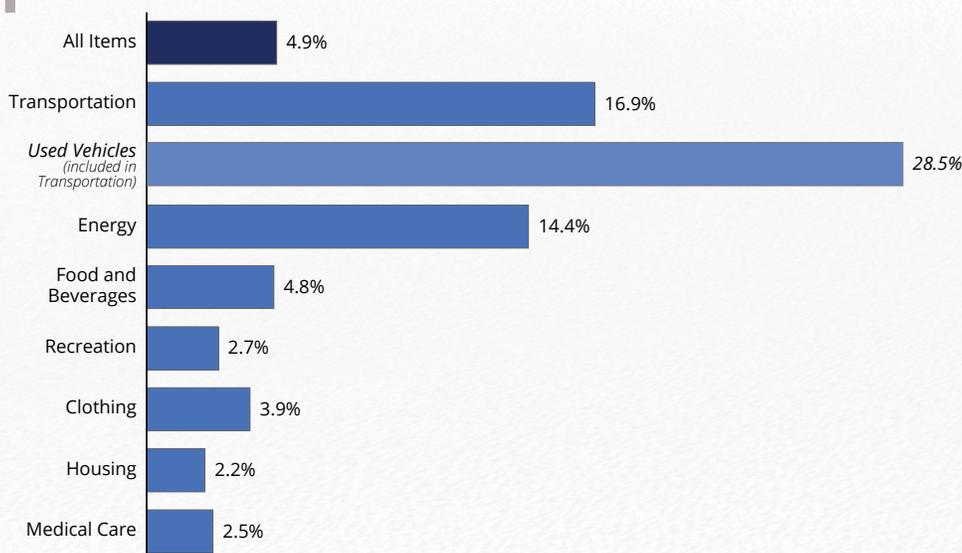
Costs spike after historic 2020 deflation



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

inflation rate climbed to 4.8 percent for April and 7.2 percent by December. (See the sidebar on the next page for more on the consumer price index.)

Alaska price increases by category for 2021



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

A close look at 2 unusual years

The story of COVID-19's influence on costs is one for the books. 2020 was the first time in Alaska's history that the CPI annual rate registered deflation, or at least since we began measuring in 1961. Overall, prices fell 1.1 percent in 2020.

The demand for goods and services plummeted early in the year when the pandemic began, prompting prices to drop in nearly every expenditure category — especially energy.

Energy costs fell 10.6 percent with the oil price collapse, which seeped into several other categories; for example, it helped push transportation costs down 6.8 percent. The cheaper plane tickets that followed the evaporation of air travel demand also contributed.

Clothing prices fell 6 percent over the year, and housing costs decreased 1.9 percent.

The great reversal in 2021

The economy began to rebound in 2021, and oil prices reversed course. Air travel resumed and grew more popular as the year progressed.

Resurging demand for a wider variety of goods and services accompanied the overall recovery in the local and national economies, and prices followed suit.

At the same time, the supply chain problems the pandemic wrought in 2020 continued to haunt us, adding fuel to the rise in prices when demand couldn't be met.

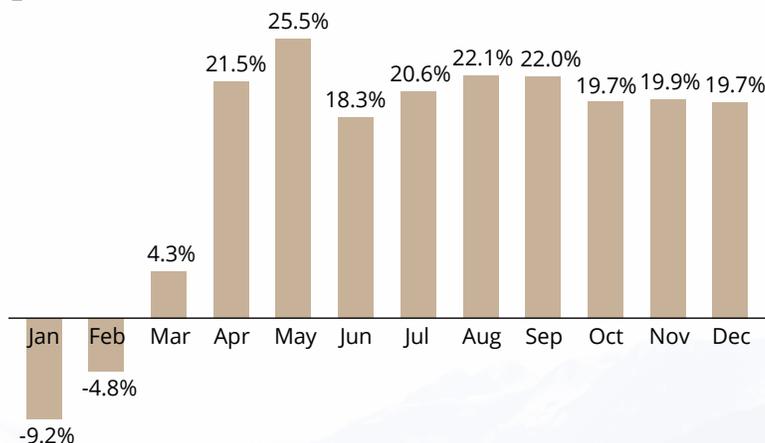
A look at price increases by spending category last year

Energy costs dropped the most in 2020, which brought an incredible spike in 2021 when oil prices rebounded. The collapse in demand for oil in 2020 depressed prices near all-time lows, but they moved closer to long-term averages in early 2021 as demand resumed.

While energy costs were still low when the year began, by May they were nearly 26 percent above the year before. Energy costs rose 14.4 percent in 2021 overall, which drove the 16.9 percent inflation in the transportation category.

The shortage of used cars that began in 2020 has persisted. In 2021, used car prices skyrocketed another 28.5 percent.

Energy costs surged in spring 2021



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

Food costs rose 4.8 percent. The largest culprit was higher meat prices, the result of supply chain problems from plant outbreaks.

In 2020, supply chain disruptions for new cars, the upside-down car rental market, stimulus checks, and low interest rates fired up demand for used vehicles.

Fewer new cars hit the market, especially the more affordable models. People became less likely

to trade in their cars or end their leases on new ones, making used cars harder to come by.

At the same time, car rental companies thinned their fleets as business waned with the start of the pandemic, then found themselves short-handed when demand resumed in 2021. As a result, rental car companies have been hanging on to the vehicles they have rather than regularly moving inventory into the used car market, exacerbating the shortage.

Food and beverage prices were another contributor to 2021's higher inflation. Food costs rose 4.8 percent in 2021, which was the biggest annual rise since 1995. For December alone, it was nearly 9 percent. The largest culprit was higher meat prices, the result of supply chain problems that followed plant outbreaks.

Housing costs rose modestly in 2021, a reversal of the moderate 2020 decline. Housing has a powerful influence on overall inflation, however, because it

carries the largest “weight” in the consumer price index. That means housing is where the average household spends the largest chunk of its monthly income.

While clothing is a small part of the consumer price index, it too changed course and rose in 2021. Unlike the other categories, clothing costs had already been decreasing before the pandemic. Similar to food, the rise in clothing costs was modest for 2021 overall, but in December it was 10 percent.

What to watch in 2022

Forecasting inflation can be a fool’s errand, so what the index will bring in 2022 remains a question mark.

Some economic observers at the national level expect inflation to slow this year as energy prices play a smaller role in the year’s numbers — the price of oil isn’t likely to rise much further — and supply chain issues work themselves out. However, others expect the opposite, that supply chain problems will persist and we’ll enter a long period of higher inflation.

We’ll have a better picture for 2022 when we release our annual cost-of-living issue in July. By then, the inflation rates for February and April 2022 will be available.

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About the consumer price index

To track inflation, the U.S. Bureau of Labor Statistics produces a national consumer price index and CPIs for 31 cities and larger areas around the country. The CPI for Urban Alaska is Alaska’s only inflation measure.

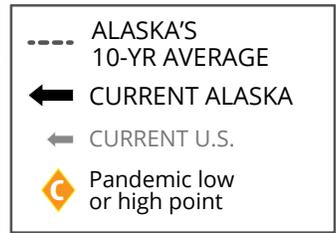
BLS releases the index bimonthly, starting with February, as well as annually and semiannually. The energy category and gasoline are exceptions; the bureau started releasing those data on a monthly basis in 2018.

Every January, BLS releases the annualized numbers for the previous year and calculates the annual rate, which is the most-used inflation number.

Consumer price indexes track costs over time in a single area and can’t be used to compare costs between places. Many businesses, organizations, and individuals use the inflation rate to adjust contracts or provide budgetary guidance. The rate is also used to adjust the value of the dollar over time.

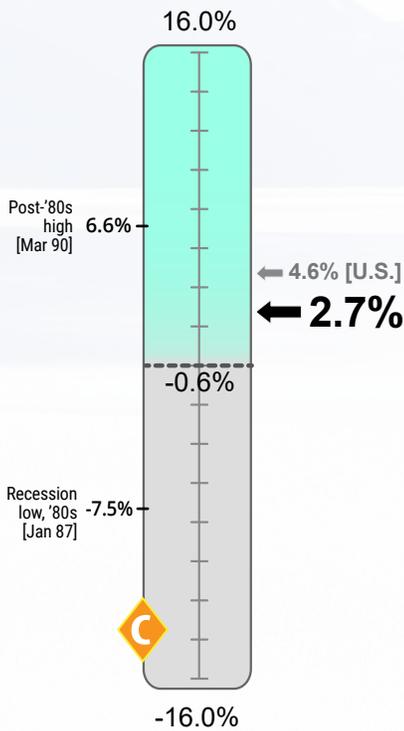
For further detail and more 2021 inflation data, see the [July 2021 issue on the cost of living](#).

Gauging The Economy



Job Growth

December 2021
Over-the-year percent change

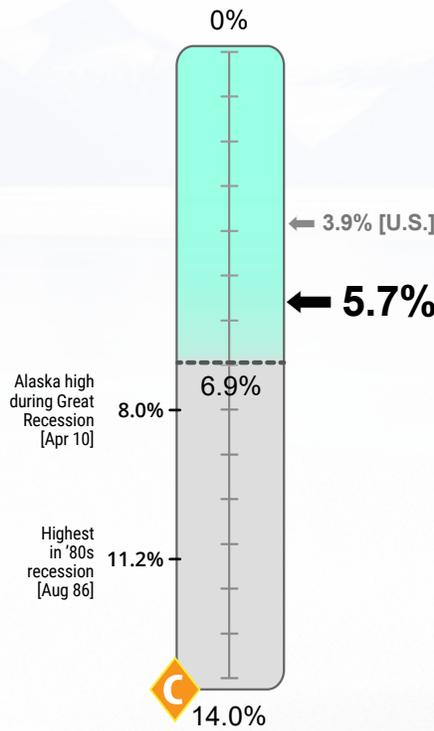


The spread of COVID-19 caused rapid job loss in early 2020. Although employment is up significantly from 2020, it is still well below pre-COVID levels.

U.S. employment levels, which were up 4.6 percent from December 2020, were still 1.8 percent below December 2019.

Unemployment Rate

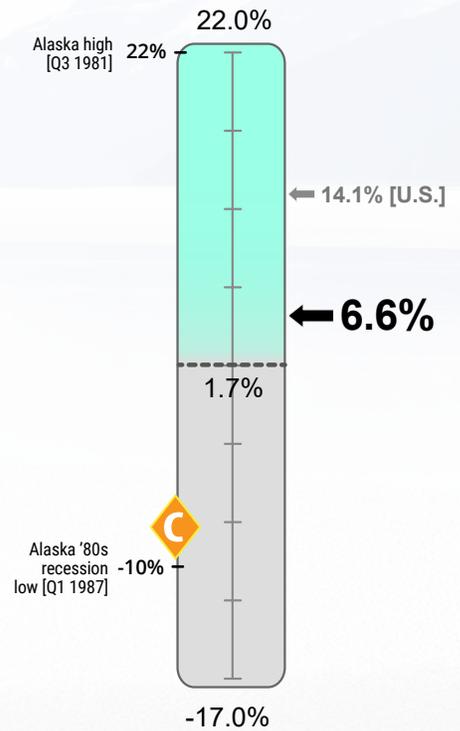
December 2021
Seasonally adjusted



Alaska's unemployment rate has been less useful as an economic measure during the pandemic because of data collection difficulties and an unusually large number of people leaving the labor market — that is, not working or looking for a job.

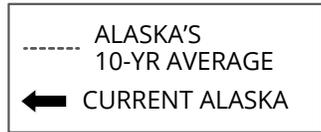
Wage Growth

2nd Quarter 2021
Over-the-year percent change



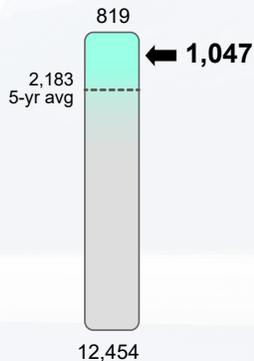
After being well down during the second and third quarters of 2020, total wages paid by Alaska employers climbed above year-ago levels in the fourth quarter of 2020. Wages were up 6.6 percent from year-ago levels in the second quarter of 2021.

Gauging The Economy



Initial Claims

Unemployment, week ending Jan. 8, 2022*

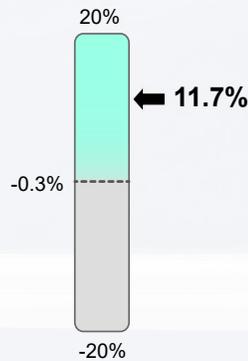


Unemployment claims jumped in the spring of 2020 with the pandemic as many businesses shut down or limited services. Pandemic-driven claims loads are on the decline, and new claims for benefits are back below their long-term average.

*Four-week moving average ending with specified week

GDP Growth

3rd Quarter 2021 Over-the-year percent change*

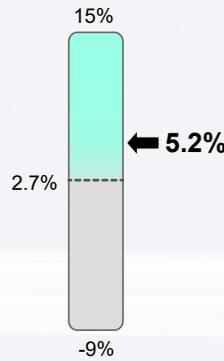


Gross domestic product is the value of the goods and services a state produces. Alaska's GDP fell hard in early 2020 but recovered nearly all those losses in 2021.

*In current dollars

Personal Income Growth

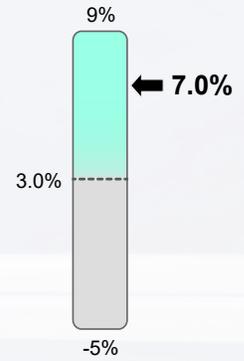
3rd Quarter 2021 Over-the-year percent change



Personal income jumped early this year, largely because of federal COVID-19 relief funding, and has since fallen.

Change in Home Prices

Single-family, percent change from prior year, Q3 2021*

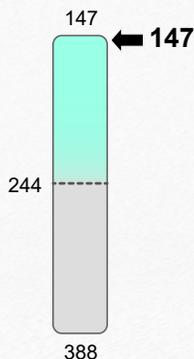


Home prices include only those for which a commercial loan was used. This indicator tends to be volatile from quarter to quarter.

*Four-quarter moving average ending with specified quarter

Foreclosures

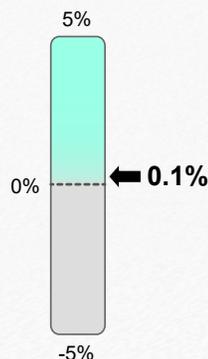
1st Quarter 2020



Foreclosure moratoriums have kept these numbers low during the pandemic.

Population Growth

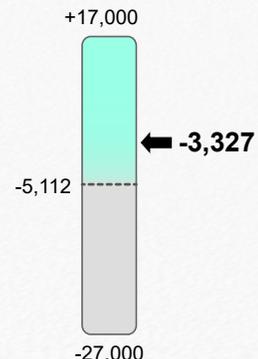
2020 to 2021



After four years of decline, Alaska's population grew slightly in 2021.

Net Migration

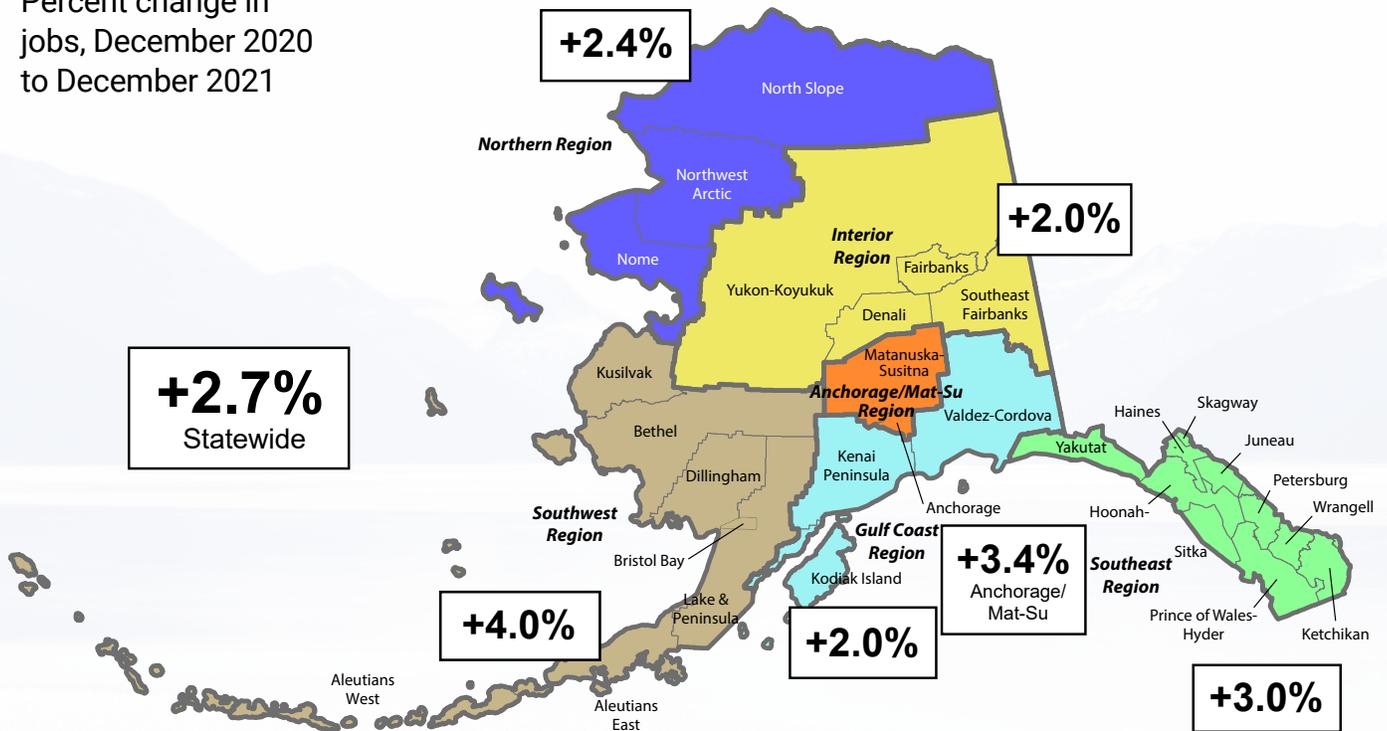
2020 to 2021



The state had net migration losses for the ninth consecutive year in 2021, although the loss was smaller. Net migration is the number who moved to Alaska minus the number who left.

Employment by Region

Percent change in jobs, December 2020 to December 2021



Seasonally adjusted

	Prelim.	Revised	
	12/21	11/21	12/20
United States	3.9	4.2	6.7
Alaska	5.7	6.0	6.5

Not seasonally adjusted

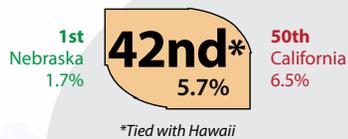
	Prelim.	Revised	
	12/21	11/21	12/20
United States	3.7	3.9	6.5
Alaska	5.4	5.5	6.6

Regional, not seasonally adjusted

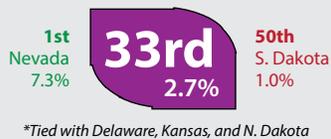
	Prelim.	Revised			Prelim.	Revised			Prelim.	Revised	
	12/21	11/21	12/20		12/21	11/21	12/20		12/21	11/21	12/20
Interior Region	4.9	5.2	5.4	Southwest Region	9.2	9.4	10.3	Southeast Region	5.1	5.2	6.4
Denali Borough	14.5	15.4	13.7	Aleutians East Borough	3.9	3.3	9.1	Haines Borough	10.5	10.0	11.8
Fairbanks N Star Borough	4.5	4.7	5.1	Aleutians West	4.3	4.2	7.9	Hoonah-Angoon Census Area	9.6	9.6	10.6
Southeast Fairbanks Census Area	6.1	6.5	6.7	Bethel Census Area	10.7	11.3	10.5	Juneau, City and Borough	3.5	3.7	4.8
Yukon-Koyukuk Census Area	10.1	10.0	8.6	Bristol Bay Borough	10.7	9.4	9.8	Ketchikan Gateway Borough	5.8	5.9	7.4
Northern Region	7.4	8.1	7.3	Dillingham Census Area	6.6	7.1	6.9	Petersburg Borough	7.4	7.7	8.2
Nome Census Area	7.9	8.9	7.2	Kusilvak Census Area	16.2	16.4	15.1	Prince of Wales-Hyder Census Area	6.7	6.7	6.7
North Slope Borough	4.9	5.8	5.9	Lake and Peninsula Borough	7.7	8.4	9.1	Sitka, City and Borough	3.9	4.3	6.1
Yukon-Charley Rivers National Preserve	9.0	9.2	8.9	Gulf Coast Region	7.2	6.8	8.3	Skagway, Municipality	14.3	13.5	17.5
Anchorage/Mat-Su Region	4.8	5.0	6.3	Kenai Peninsula Borough	6.6	6.7	7.9	Wrangell, City and Borough	7.1	7.0	6.9
Anchorage, Municipality	4.4	4.7	6.1	Kodiak Island Borough	9.4	6.4	10.6	Yakutat, City and Borough	8.1	8.6	7.7
Mat-Su Borough	6.0	6.0	6.6	Valdez-Cordova Census Area	8.2	8.3	7.8				

How Alaska Ranks

Unemployment Rate¹



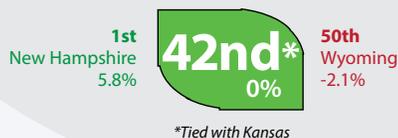
Job Growth²



Job Growth, Private²



Job Growth, Government²



Job Growth, Leisure and Hospitality²



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

¹December seasonally adjusted unemployment rates

²December 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)	241.698	2nd half 2021	227.258	+6.4%
Commodity prices				
Crude oil, Alaska North Slope, * per barrel	\$76.13	Dec 2021	\$50.32	+51.29%
Natural gas, Henry Hub, per thousand cubic feet (mcf)	\$3.86	Dec 2021	\$2.59	+49.03%
Gold, per oz. COMEX	\$1,844.90	1/20/2022	\$1,859.90	-0.81%
Silver, per oz. COMEX	\$24.72	1/20/2022	\$25.56	-3.29%
Copper, per lb. COMEX	\$4.58	1/20/2022	\$3.65	+25.48%
Zinc, per lb.	\$1.66	1/20/2022	\$1.21	+37.19%
Lead, per lb.	\$1.07	1/20/2022	\$0.92	+16.30%
Bankruptcies				
Business	40	Q3 2021	76	-47.37%
Personal	2	Q3 2021	3	-33.33%
Personal	38	Q3 2021	73	-47.95%
Unemployment insurance claims				
Initial filings	5,767	Dec 2021	18,334	-68.54%
Continued filings	36,428	Dec 2021	84,395	-56.84%
Claimant count	9,343	Dec 2021	21,588	-56.72%

*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; NASDAQ; Alaska Department of Revenue; and U.S. Courts, 9th Circuit

EMPLOYER RESOURCES

About the Trade Adjustment Assistance programs

The Trade Adjustment Assistance for Firms program provides financial assistance to companies facing foreign import competition to help them compete. Funded through the U.S. Economic Development Administration, TAAF is available to companies in the tradable sector (manufacturing, processing, and services) that are headquartered in the U.S.

The program provides an initial eligibility evaluation and application assistance at no cost. Eligible businesses can receive direct help creating a plan, with 75 percent matching funds and up to \$75,000 in matching federal funds for successful business improvement projects requiring outside expertise. Solutions could include production process, product design, information systems, and marketing, to name a few.

Call the Northwest Trade Adjustment Assistance Center at (800) 667-8087, email nwtaac@nwtaac.org, or visit www.nwtaac.org for more information

and testimonials.

The Trade Adjustment Assistance for Workers program helps return people to work after layoffs due to foreign imports or job shifts to another country. When the U.S. Department of Labor certifies a petition, eligible workers can receive training, job search and relocation allowances, income support, a health coverage tax credit, and other benefits.

Businesses can also benefit, at no cost, by connecting their workers to valuable reemployment services when employment ends. A six-minute video for company officials is available at dol.gov/agencies/eta/tradeact/officials.

For more information, contact the Alaska TAA Program coordinator at dol.taa@alaska.gov or call (907) 465-5926.

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