

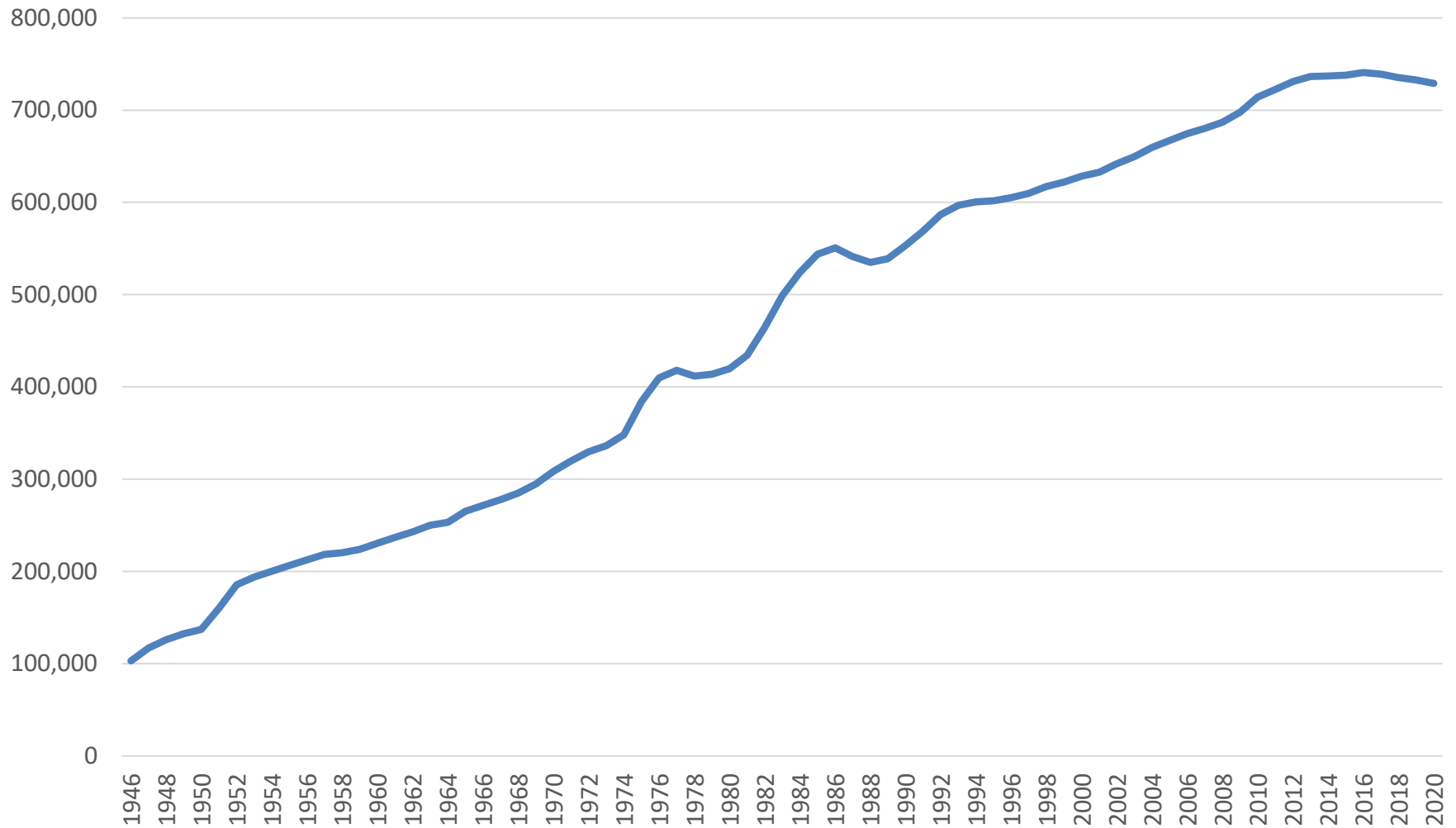


# Alaska Employment and Population Trends (and what's driving them)

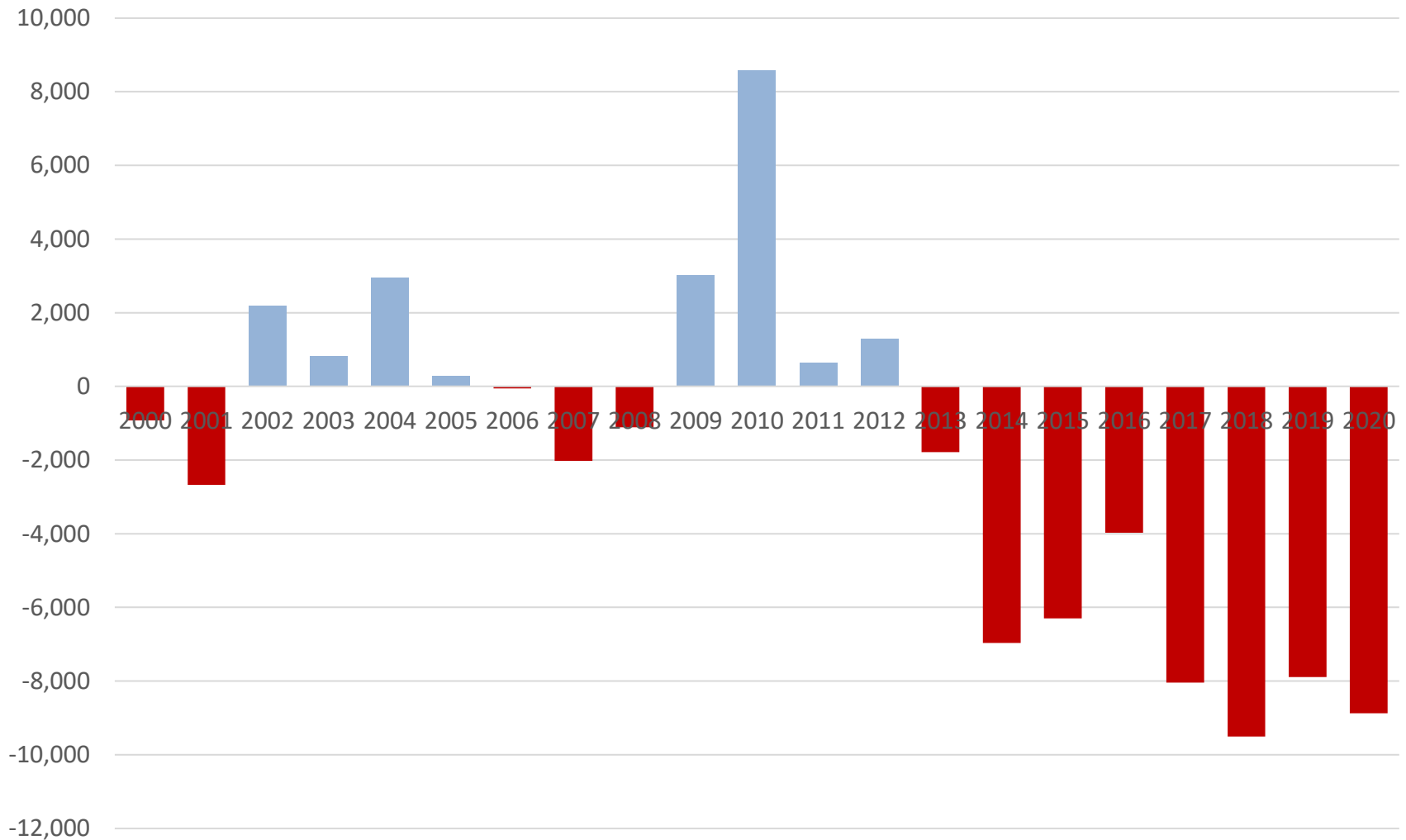
House Ways and  
Means Committee  
April 8, 2021

Dan Robinson, Research Chief  
Alaska Department of Labor  
and Workforce Development

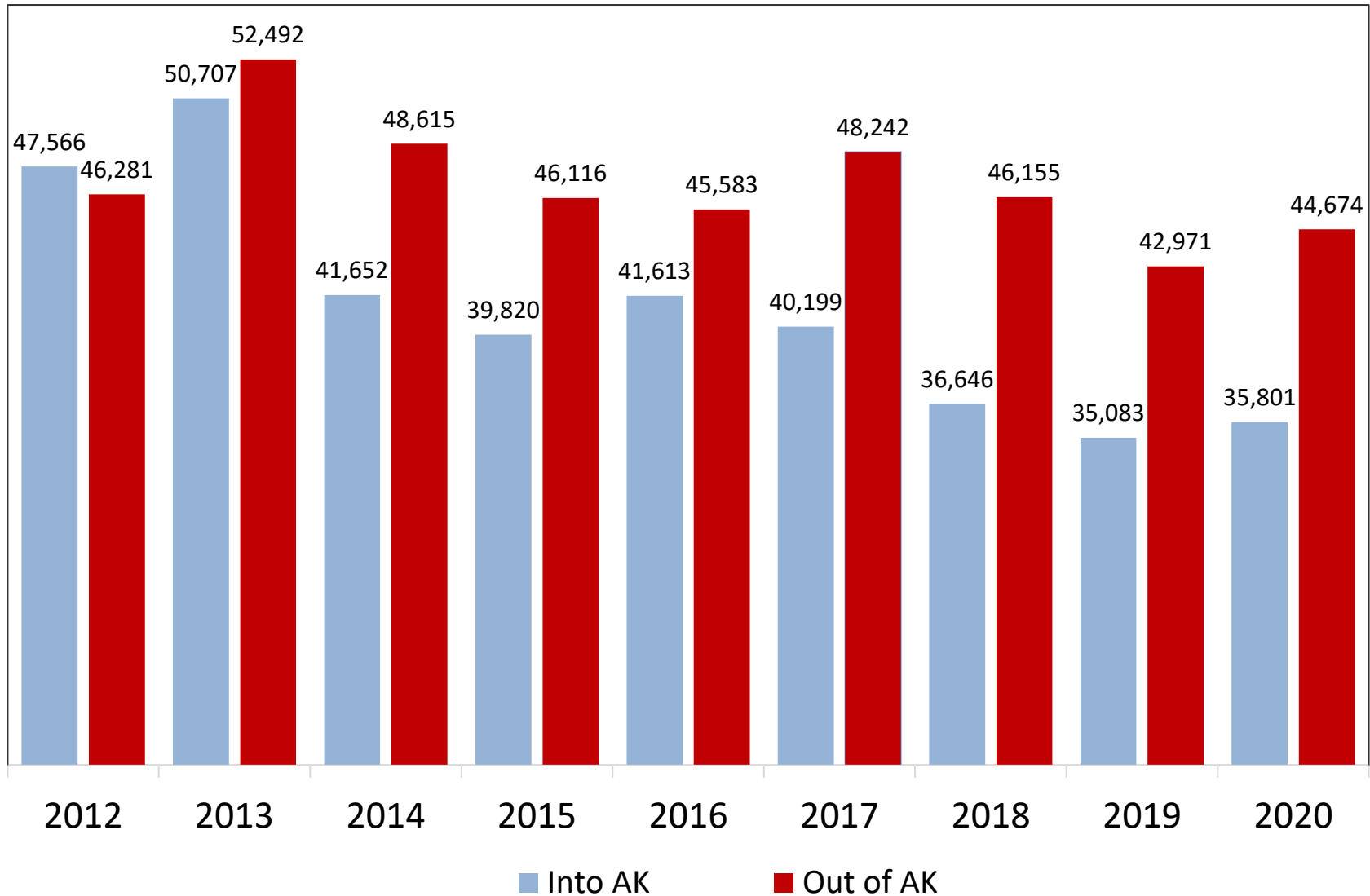
# Alaska's long-term population history



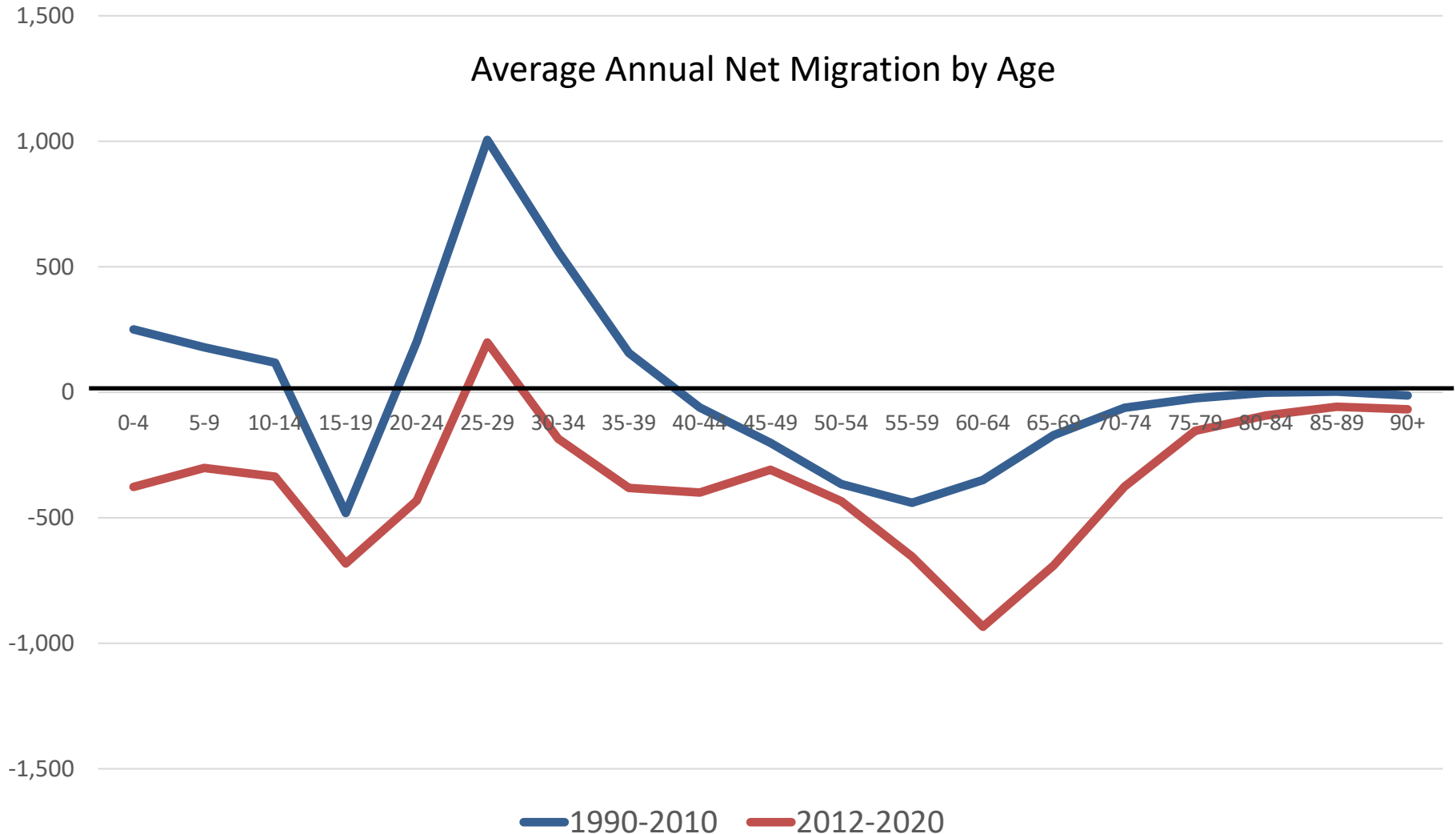
# Eight consecutive years of negative net migration



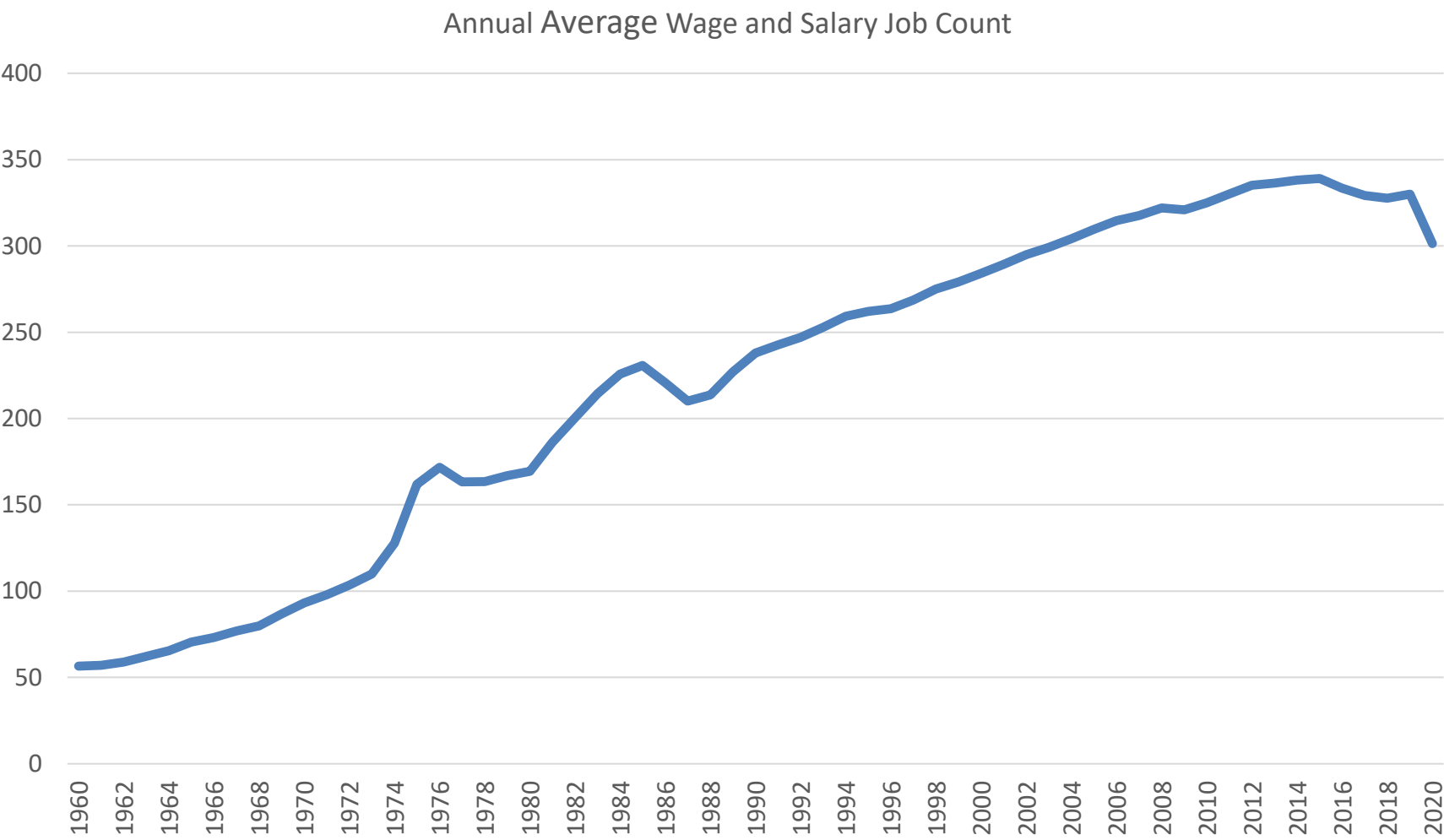
# Lots of people move to and away from AK every year



# Only one age group stayed positive from 2012-20



# Alaska's long-term employment history



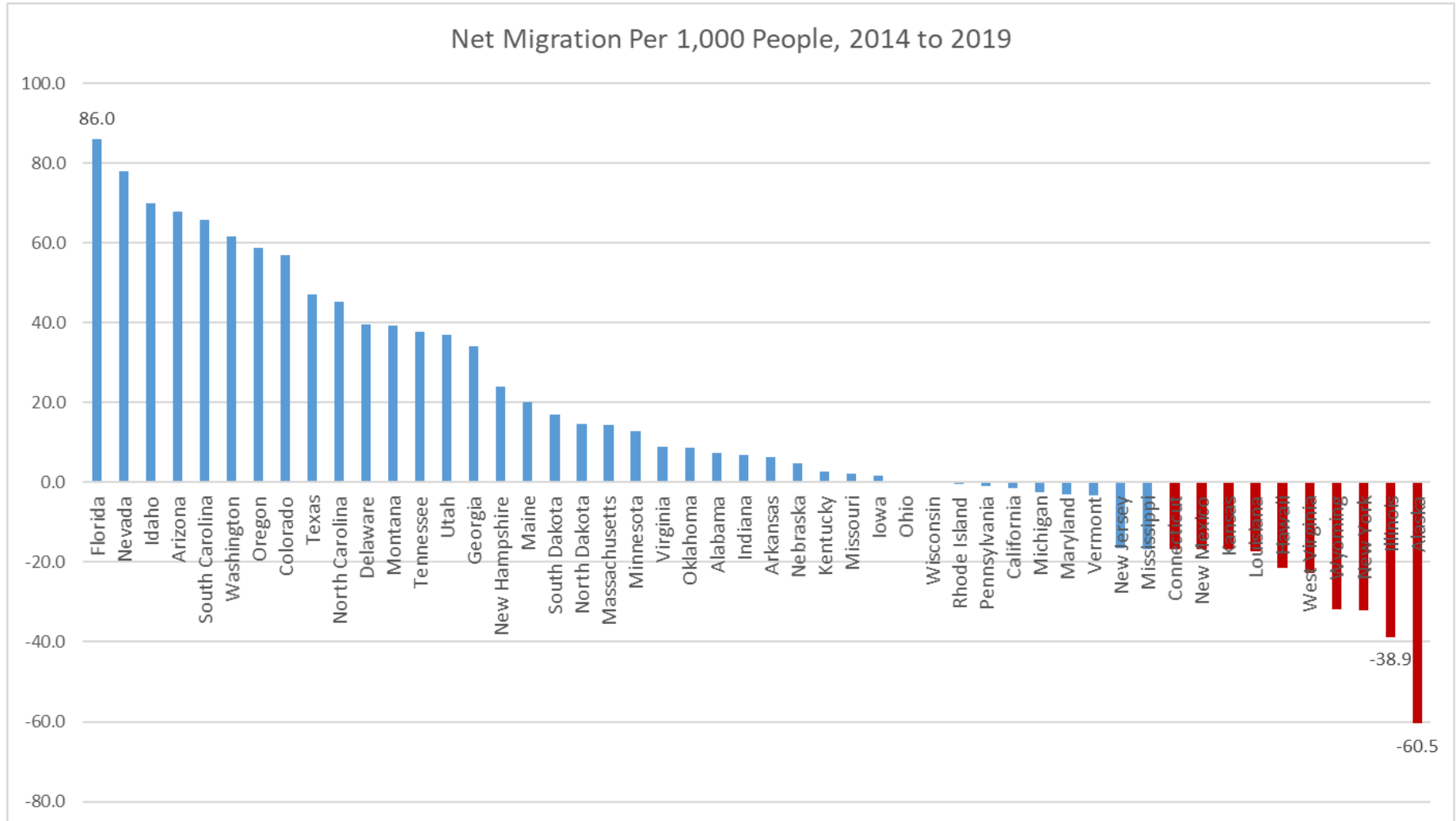
# A February article focusing on pre-COVID economy



**A**ll 50 states were hit hard by COVID-19, and all will face similar challenges in the months ahead as we get the virus under control and gradually return to more normal business and personal interactions.

One factor in how quickly states' economies will recover, once the pandemic is behind us, is how healthy they were before COVID hit — and in Alaska's case, two specific weak spots had us underperforming most states.

# Alaska's net migration losses in context





# AK job growth, 2014-19 compared to other states

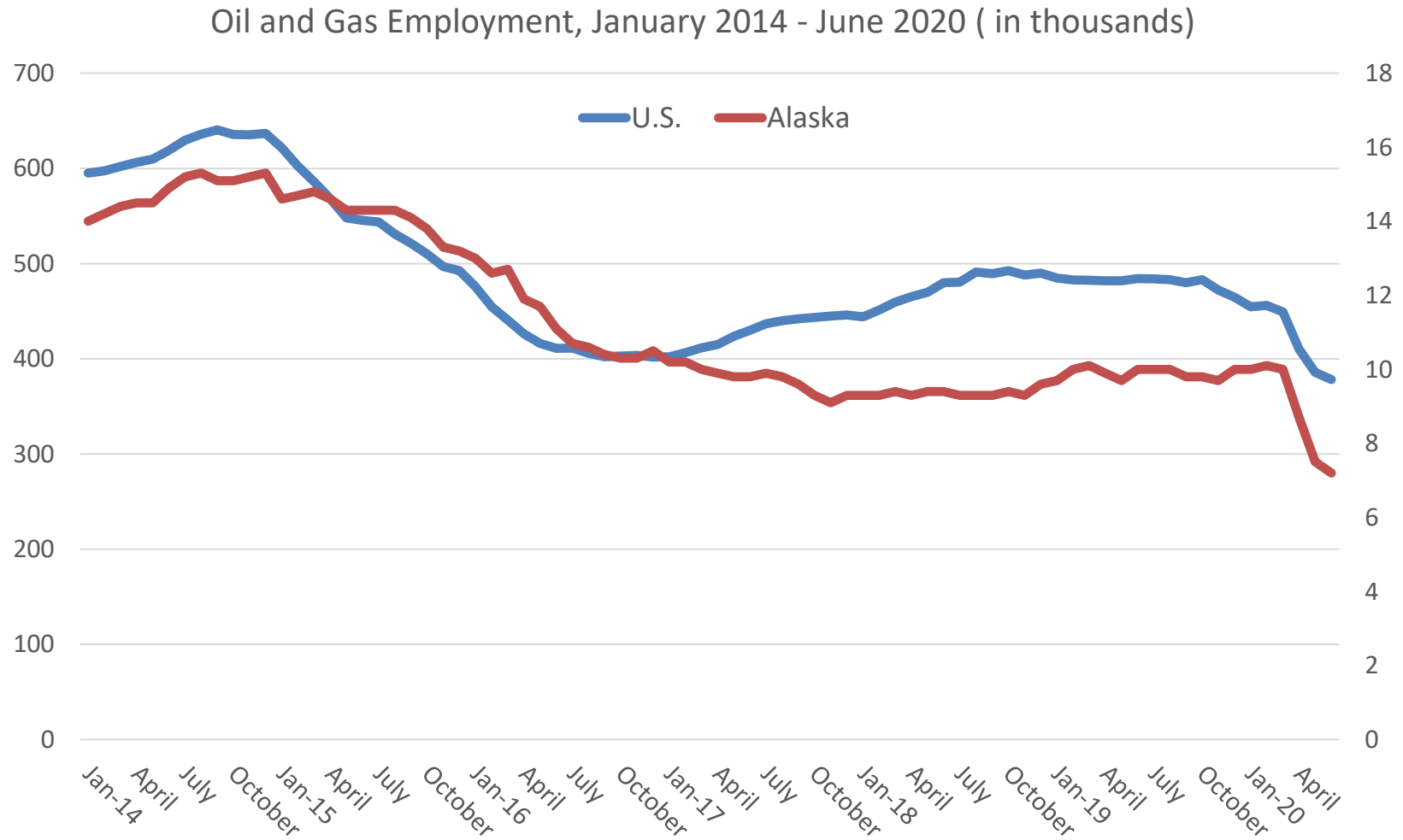
Total: -2.6 percent, 48<sup>th</sup> among states (Utah 17.6 percent;  
North Dakota -4.9 percent)

Private Sector: -2.5 percent, 48<sup>th</sup> among states (Utah 19.2  
percent; North Dakota -6.8 percent)

State Government: -12.1 percent, last among states (Colorado  
19.2 percent; Kentucky -8.7 percent)

State University: -18.8 percent, last among states (Colorado  
19.9 percent; Kentucky -16.0 percent)

# U.S. pattern in oil jobs roughly matches Alaska's



# Does Alaska have more government than others?



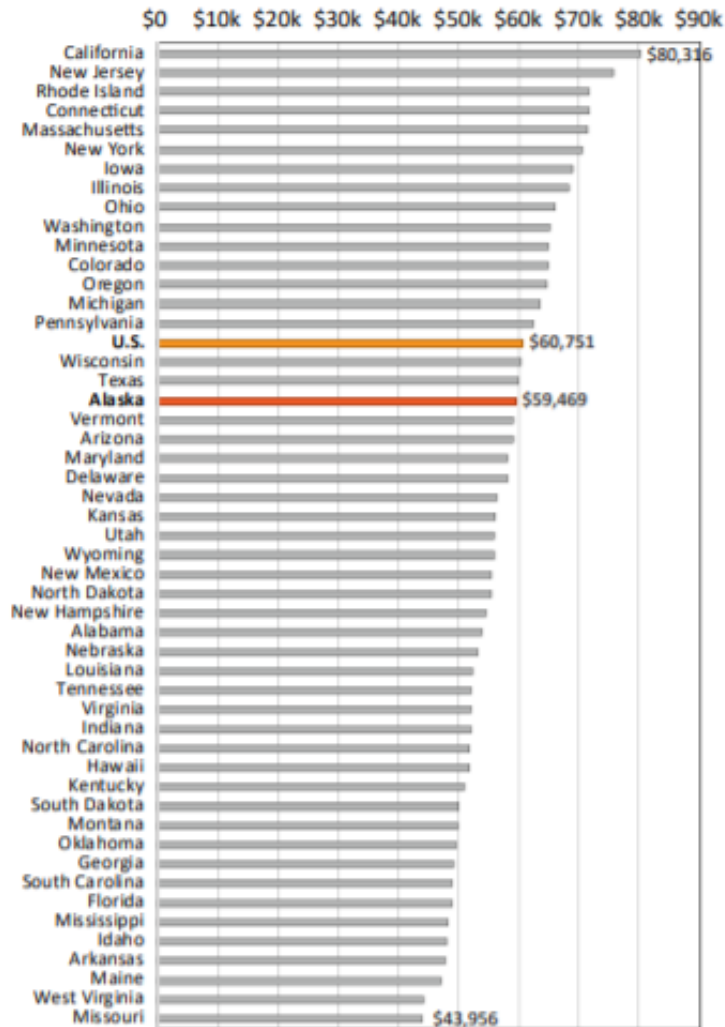
## Small States Have More Government

STATE AND LOCAL, 2018

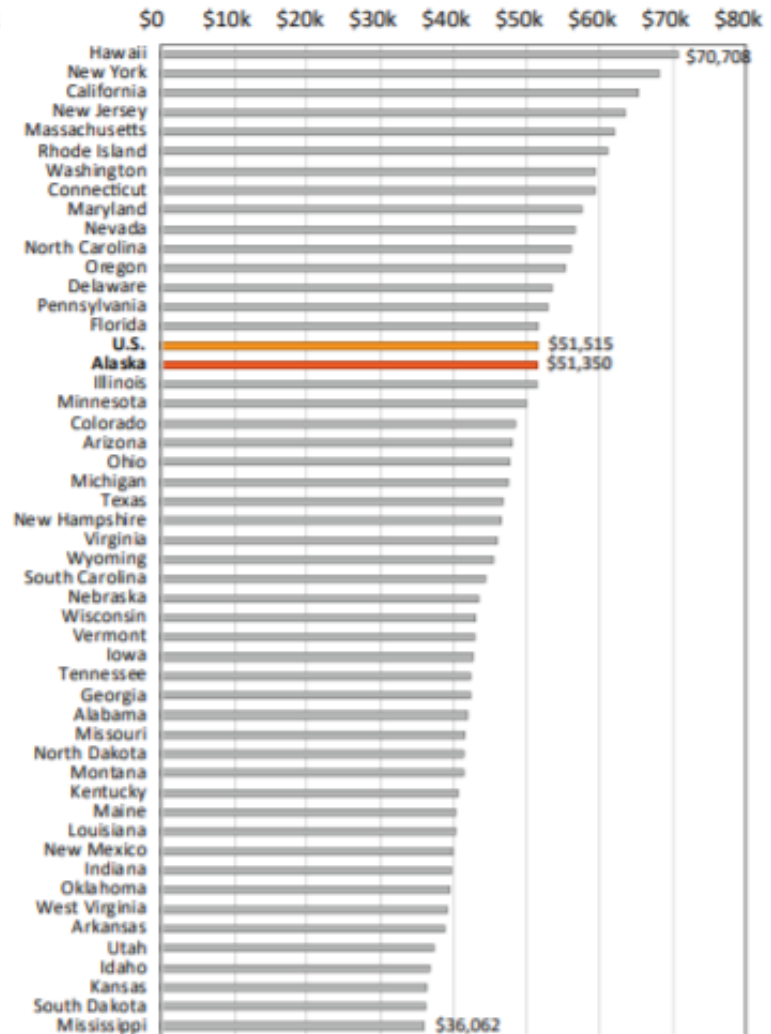
	Govt jobs per 100 people	Population
1 Wyoming	10.6	577,737
2 North Dakota	9.6	760,077
<b>3 Alaska</b>	<b>8.9</b>	<b>736,239</b>
4 Nebraska	8.1	1,929,268
5 Kansas	8.0	2,911,505
6 Vermont	7.9	626,299
7 South Dakota	7.7	882,235
8 Iowa	7.7	3,156,145
9 Oklahoma	7.6	3,943,079
10 New Mexico	7.5	2,095,428
<b>United States</b>	<b>6.1</b>	<b>327,467,434</b>
41 Illinois	5.9	12,741,080
42 Indiana	5.9	6,691,878
43 Tennessee	5.7	6,770,010
44 Georgia	5.6	10,519,475
45 Michigan	5.5	9,995,915
46 Arizona	5.0	7,171,646
47 Pennsylvania	4.7	12,807,060
48 Rhode Island	4.7	1,057,315
49 Nevada	4.7	3,034,392
50 Florida	4.6	21,299,325

# Do government workers make more money here?

## State Government



## Local Government



# April 2017 *Trends* article on state recessions:

## **The importance of confidence and stability to an economy**

Though hard to quantify, one characteristic of recessions is they shake the confidence of economic decision-makers and make them reluctant to invest and spend. People unsure about their job security are less likely to buy a house or make other large purchases, and businesses unsure about their state's economic future are less likely to expand and hire more workers, which can create a downward spiral.

Normally, confidence in an economy is restored as it becomes clear the economic shock from whatever source has been absorbed. For example, it will be encouraging in Alaska's current recession when oil and gas jobs stop falling and the related industries stabilize or resume growing.

But this recession is unusual in that the initial shock created the near-certainty of a secondary shock. Alaskans will have to absorb another economic deduction in the form of new taxes or more state government job and spending cuts, and until we know how that will play out, individuals and businesses may be more likely to put financial decisions on hold.



# February 2019 *Trends* article on budget issue:

Alaska took the first big step last year when we passed a law that creates a new revenue stream from the Permanent Fund's investment earnings. That revenue stream is forecasted to provide \$2.7 billion in state fiscal year 2019 (July 1, 2018 to June 30, 2019) and \$2.9 billion in fiscal year 2020, according to the Department of Revenue's Fall 2018 Revenue Sources Book.

It's hard to exaggerate the importance of that step. In one fiscal year, the state will go from depending on petroleum revenue for 80 percent of its unrestricted general fund revenue — the funds most available for general state government services and capital budgets — to 40 percent. The Department of Revenue forecasts that by 2020, petroleum revenue will represent just 32 percent of the state's unrestricted general fund revenue.

## ***Harder choices lie ahead***

Even with the influx of nearly \$3 billion from investment earnings, the state expects revenue to fall short by about \$1.6 billion of the preliminary budget for fiscal year 2020. That means major choices remain, and none of the options are painless or universally popular.

Until we act, however, the uncertainty will continue to dampen the state's economy. As just one example of the cost of uncertainty, Mouhcine Guettabi, an economist at the University of Alaska Anchorage's Institute of Social and Economic Research, estimates that the effects of "policy uncertainty" cost the state between \$200 million and \$600 million a year in private investment.

All of our possible choices have pros and cons, and from an economic perspective, none will be cost-free. But until we make those decisions, our economy will struggle.

## Contact Information:

[Dan.Robinson@Alaska.gov](mailto:Dan.Robinson@Alaska.gov)

907-465-6040