

The Current State of Alaska's Economy

With comparisons to our history and to other states

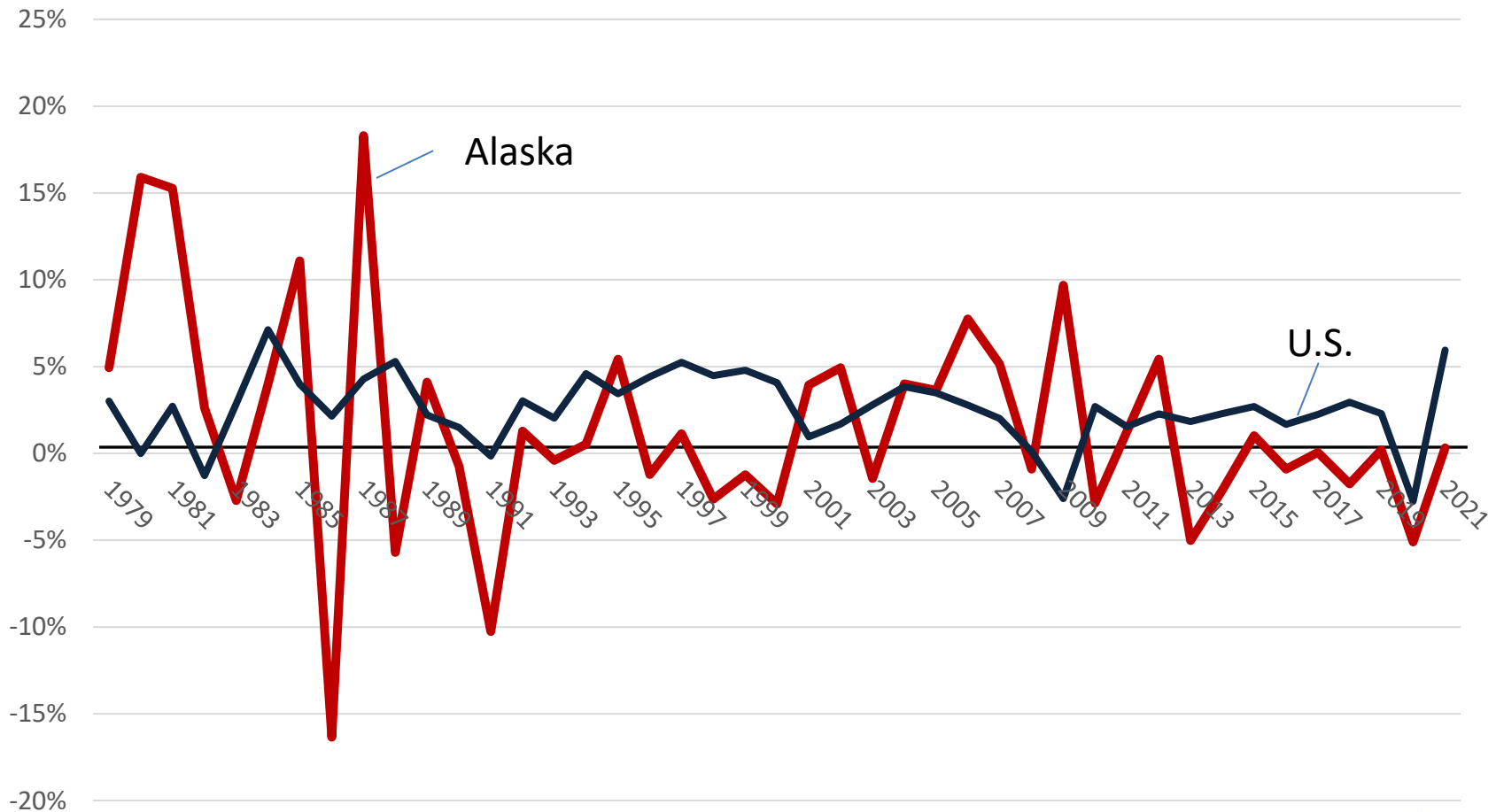


*Senate Finance
Committee*

March 16, 2023

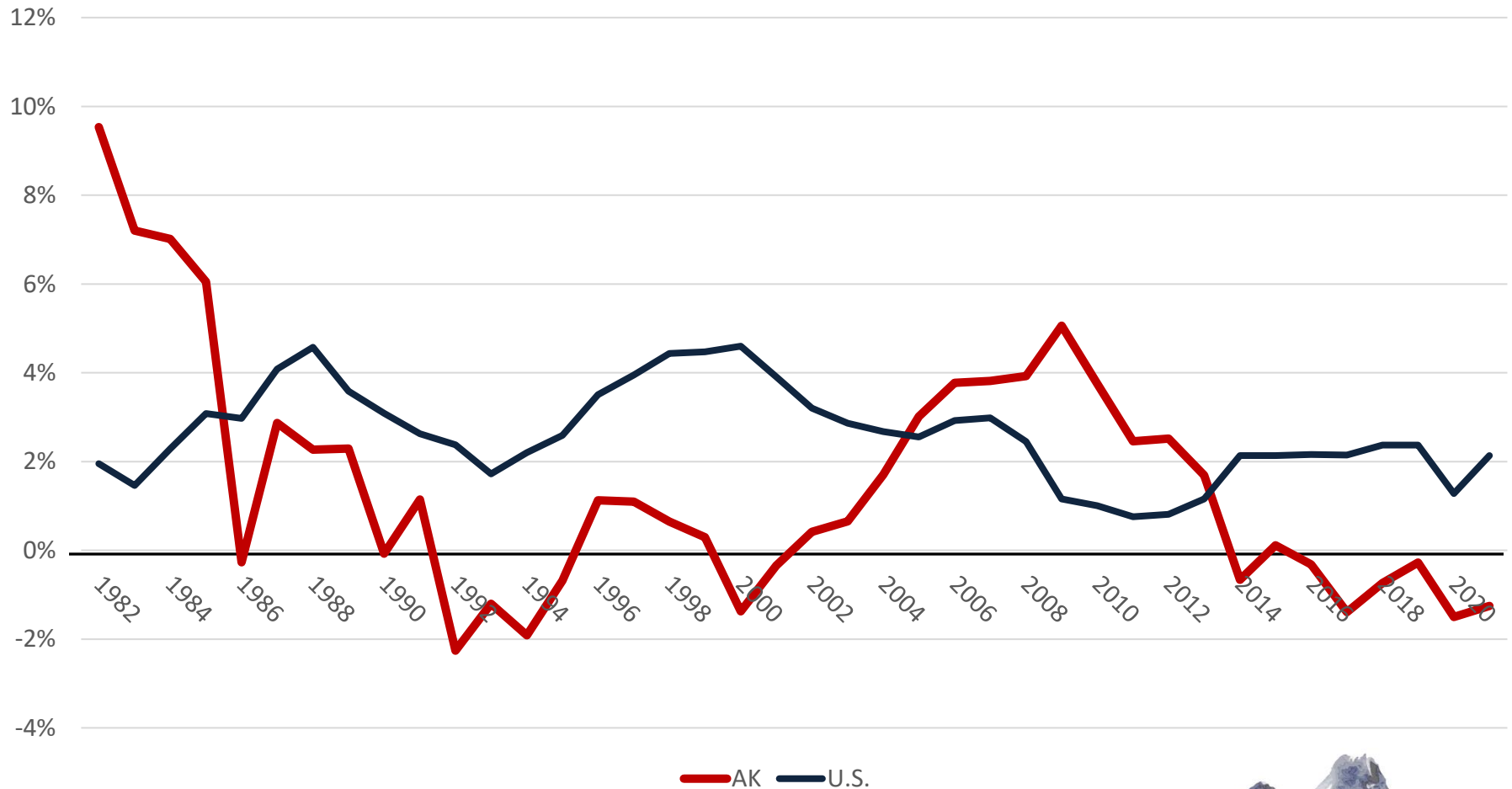
Alaska's Up and Down Gross Domestic Product

Alaska and U.S. GDP, Percent Change, 1978-2021



Smoothing It Out a Little ...

GDP Growth, Five-Year Trailing Average, 1982-2021



A Reminder About the Economic Power of Oil

By NEAL FRIED

Alaska's Oil and Gas Industry

A look at jobs and oil's influence on economy

Oil's contribution to Alaska's economic history has no equal. Historians write that the discovery of oil in Cook Inlet helped secure Alaska's quest for statehood, and the subsequent massive discovery of oil in Prudhoe Bay remains the largest in North America.

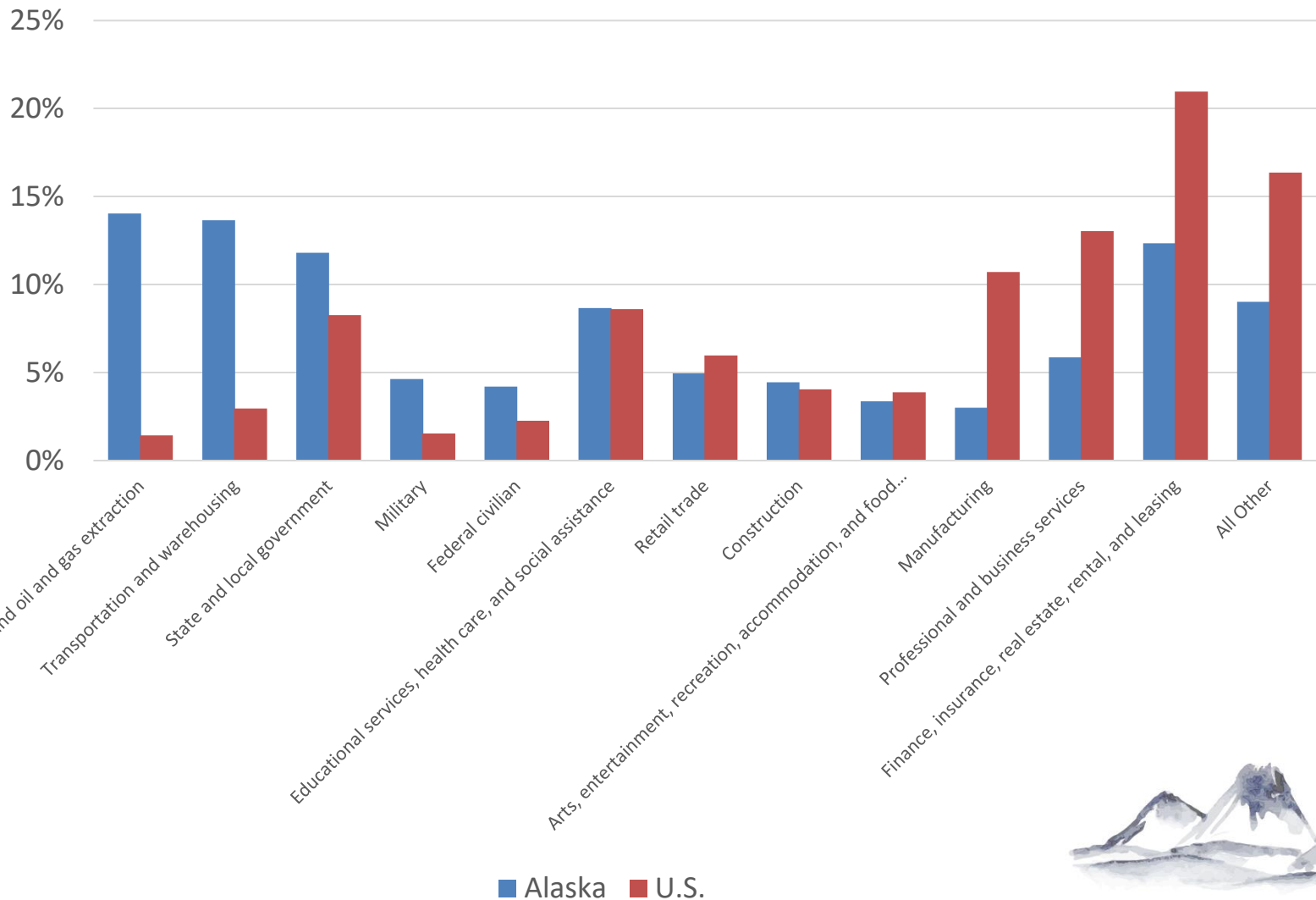
"The balance sheet of Alaska history is simple: One Prudhoe Bay is worth more in real dollars than everything that has been dug out, cut down, caught, or killed in Alaska since the beginning of time."

Terrence Cole, Alaska Historian



How Our GDP Differs from U.S.

Alaska and U.S. GDP, Percentages of Total, 2021



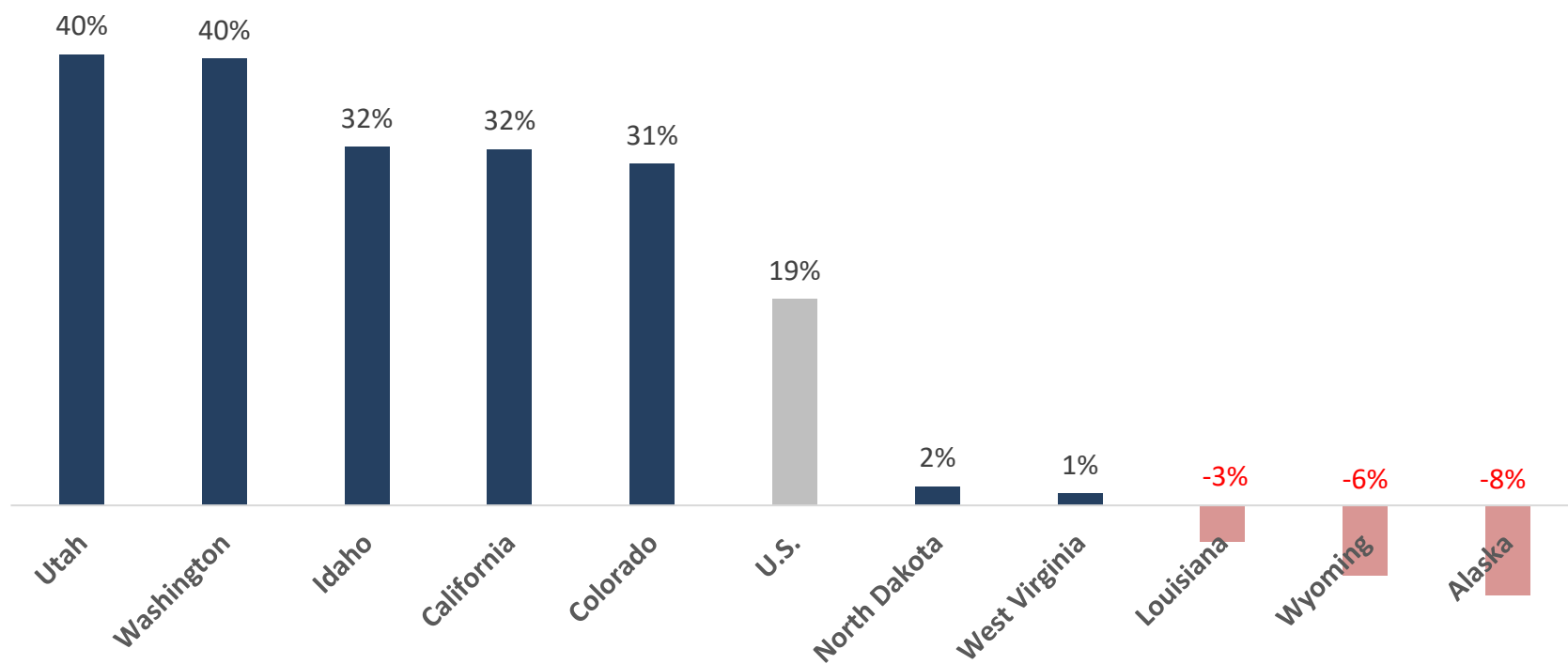
Comparing 2013-2021 to Previous Periods

- Average Annual GDP Growth 2013-2021: **-1.5 percent**
- Average Annual GDP Growth 2003-2012: 3.2 percent
- Average Annual GDP Growth 1993-2002: 0.8 percent
- Average Annual GDP Growth 1983-1992: 0.3 percent
- Average Annual GDP Growth 1978-1982: 9.5 percent



Top/Bottom Five States by GDP Growth, 2013-2021

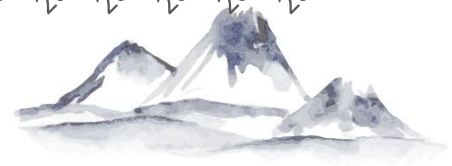
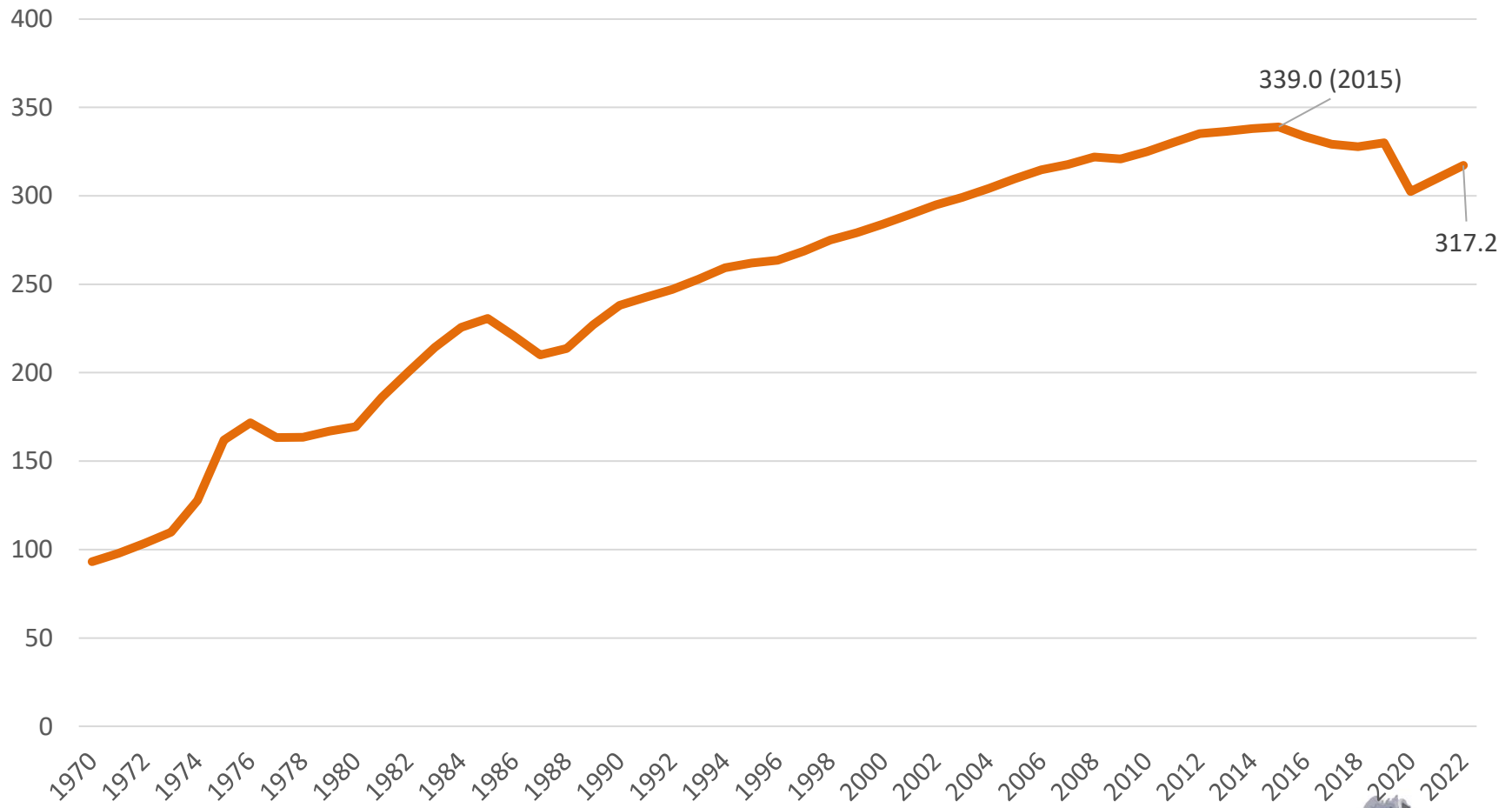
Percent **Change** in GDP, 2013-2021



Alaska's Employment Numbers Since 1970

Thousands

Alaska Employment, 1970-2022



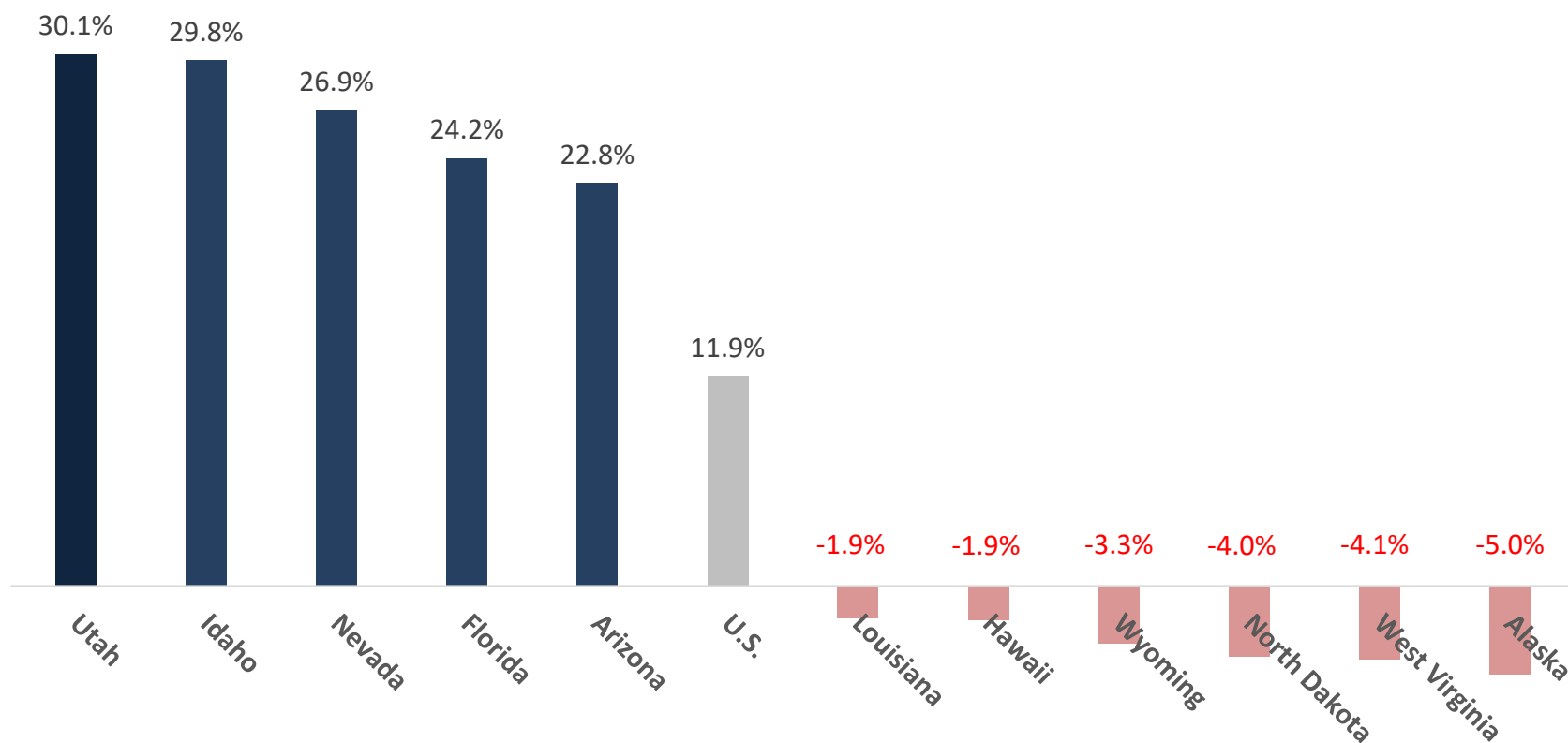
Comparing 2013-2022 to Previous Four Decades

- Average Job Growth 2013-2022: **-0.5 percent**
- Average Job Growth 2003-2012: 1.3 percent
- Average Job Growth 1993-2002: 1.8 percent
- Average Job Growth 1983-1992: 2.2 percent
- Average Job Growth 1973-1982: 7.2 percent



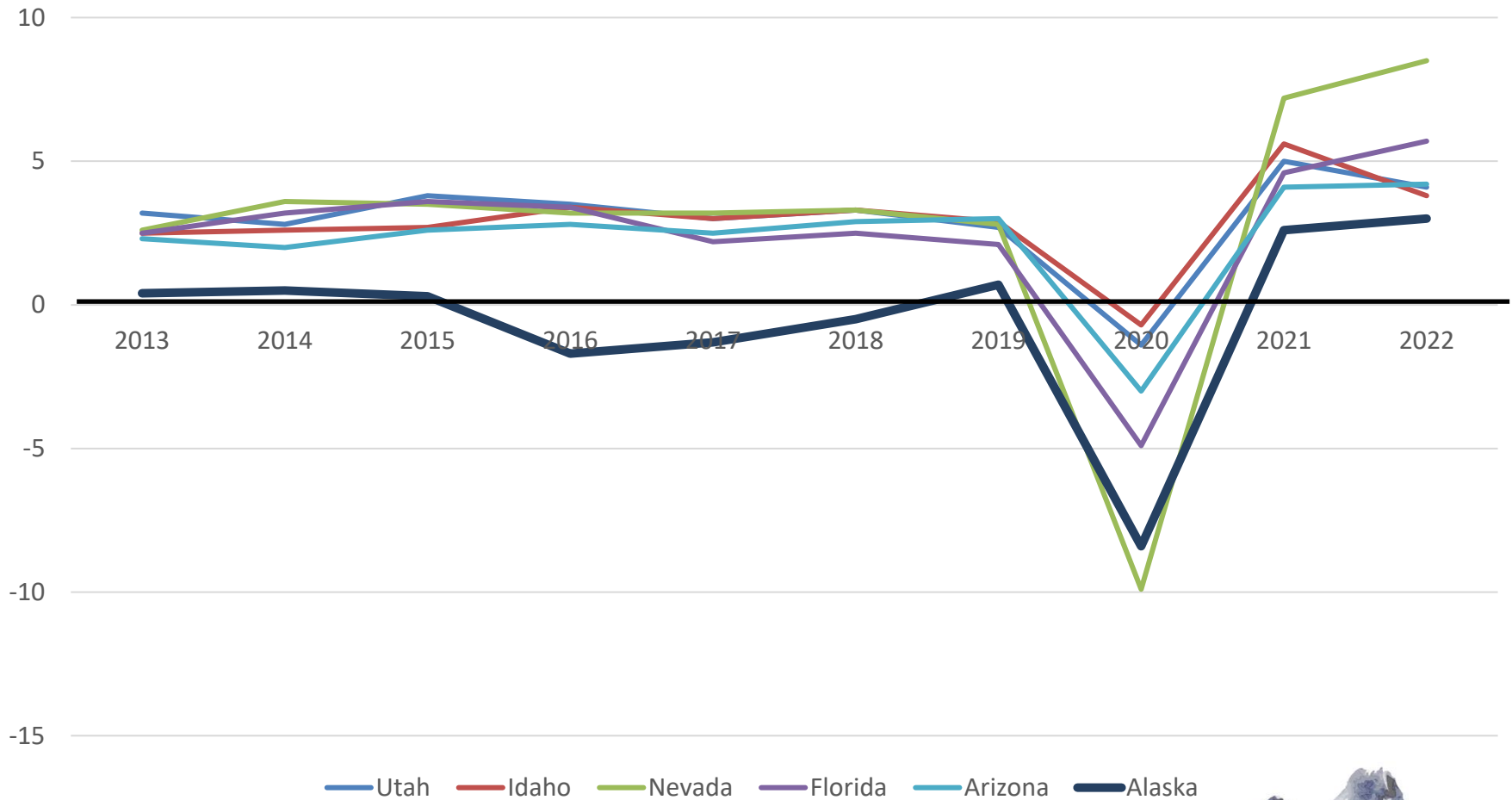
Top/Bottom States by Job Growth, 2013-2022

Percent Change in Employment, 2013-2022



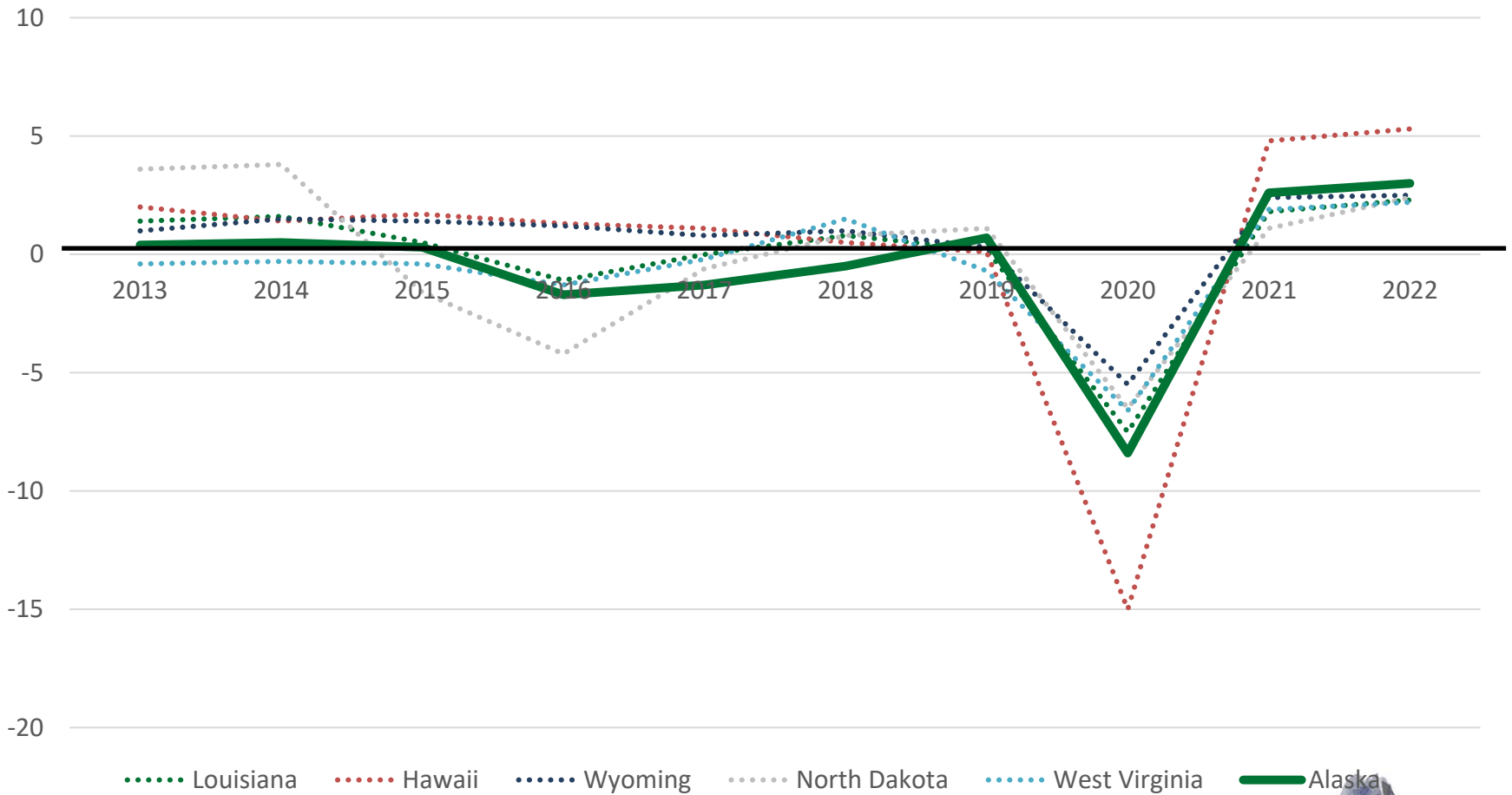
How We Compare to High-Growth States

Five Highest Performing States by Job Growth and Alaska, 2013-2022



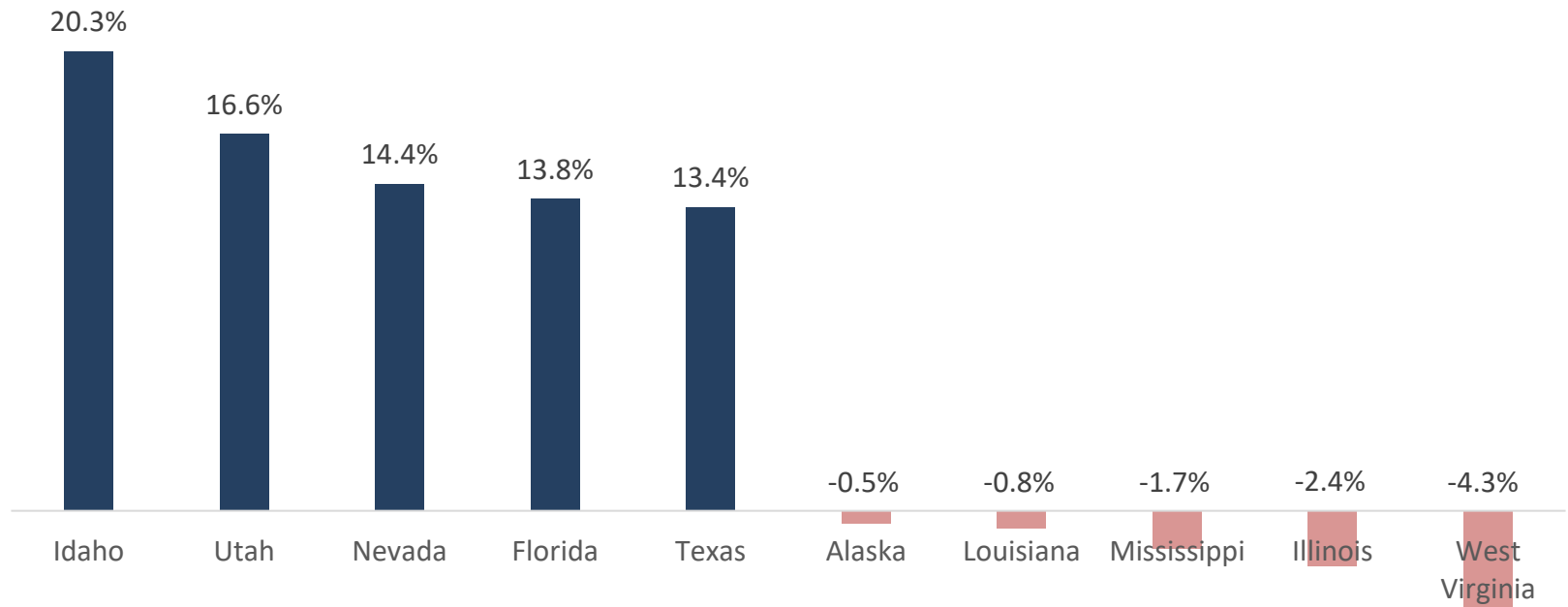
How We Compare to Other Low-Growth States

Six Lowest Performing States by Job Growth, 2013-2022



Top/Bottom Five States by Population Growth

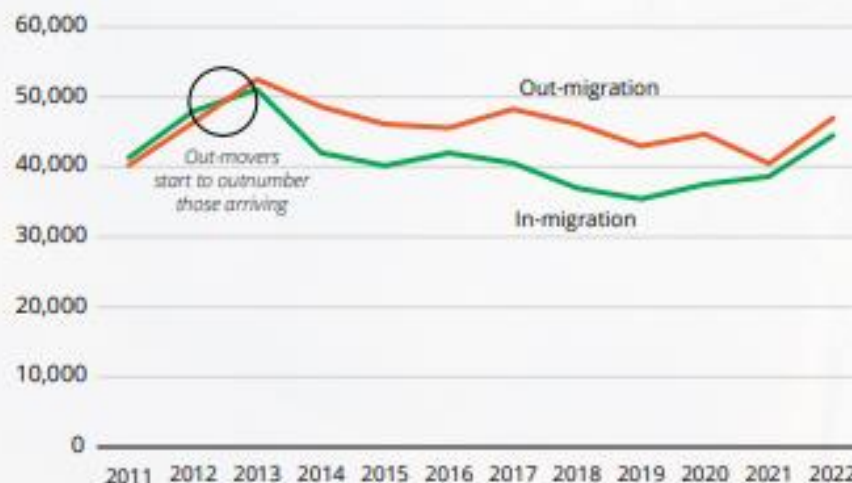
Population Change, 2013-2022



April's Issue of *Alaska Economic Trends*



More out-movers than in-movers since 2013

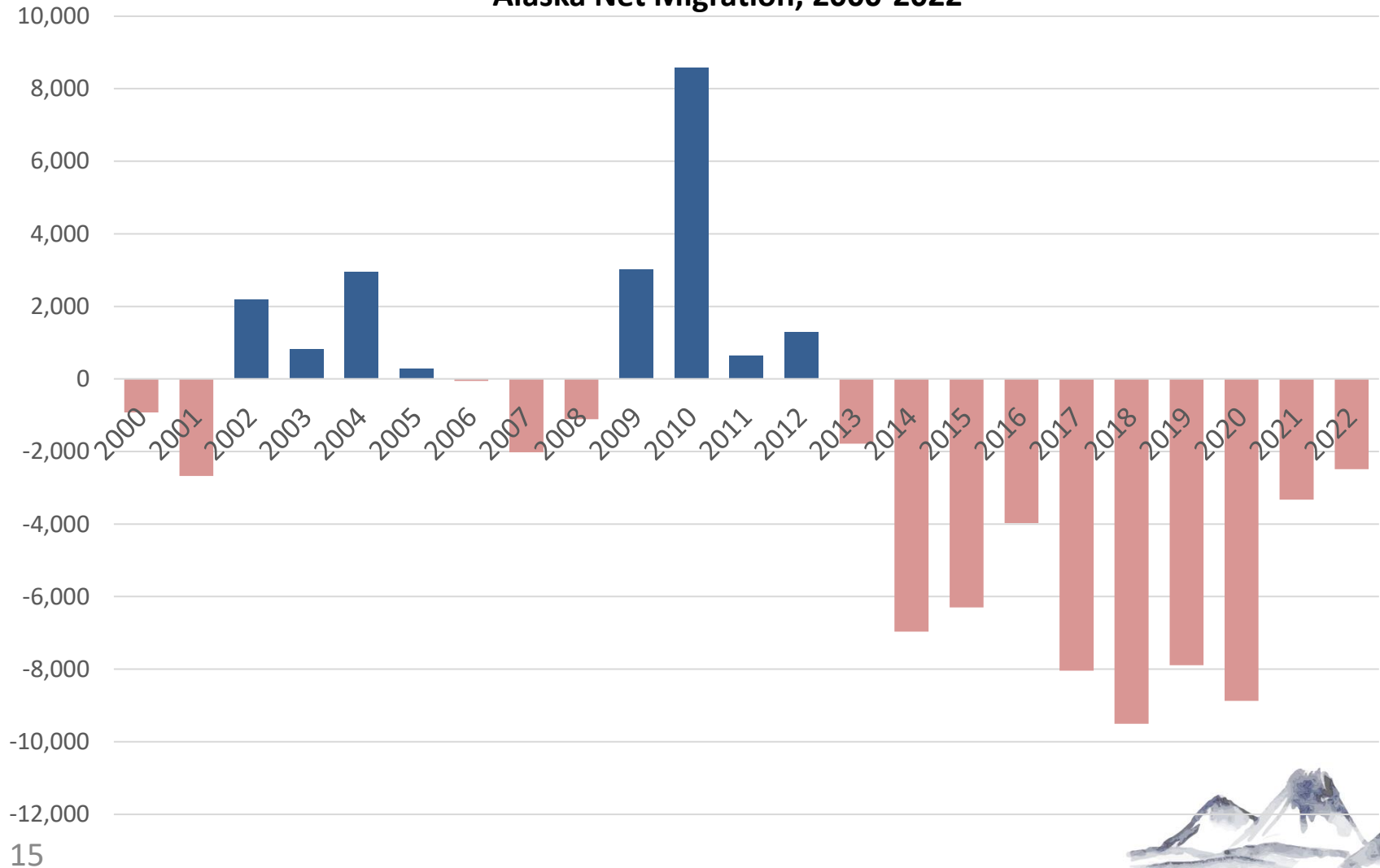


Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section



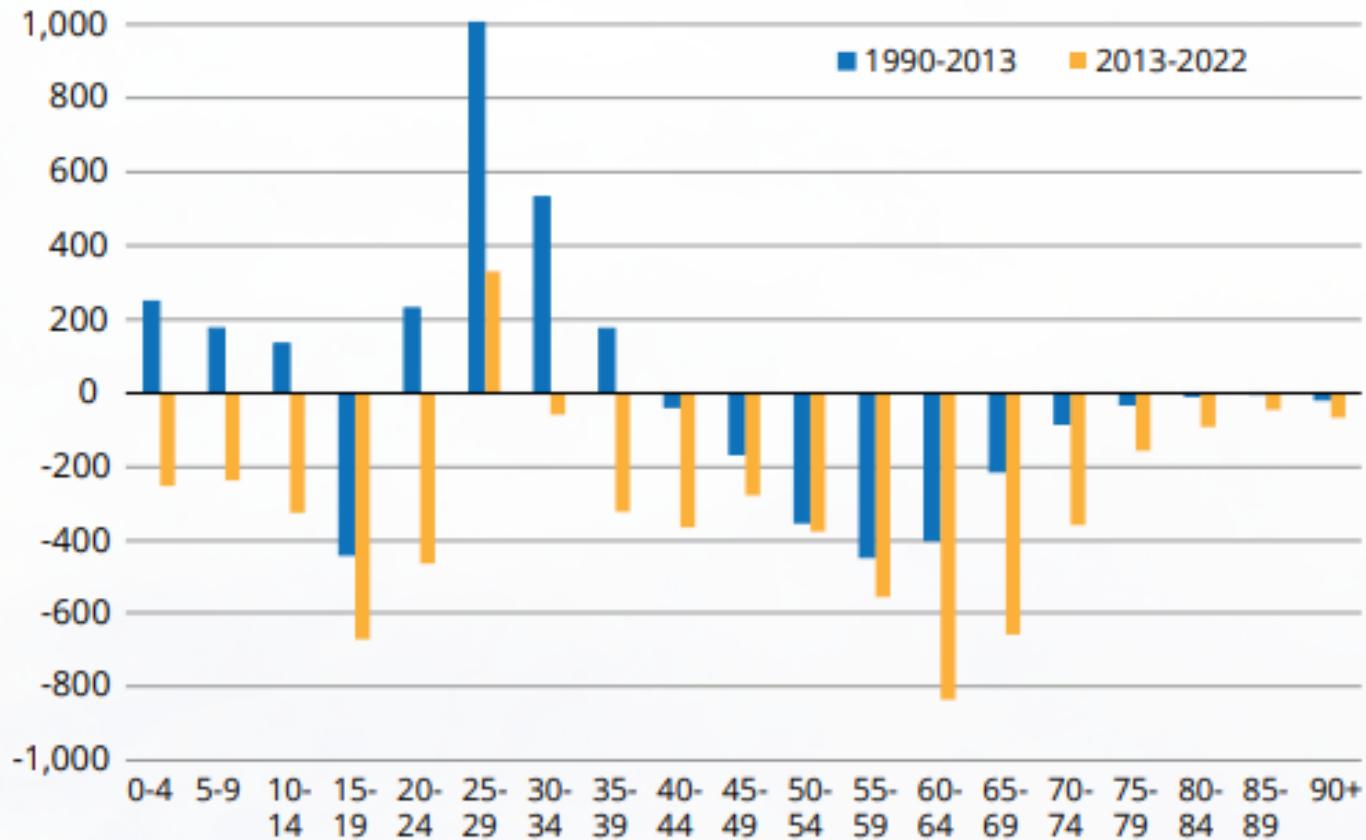
Another Way to Look at Net Migration Numbers

Alaska Net Migration, 2000-2022



How Migration Patterns Have Shifted by Age

Yearly net migration declines in all age groups



Oil and Gas's Difficult Decade is *Part* of Our Challenge



The importance of confidence and stability to an economy

...

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.



Not Resolving These Big Issues Has Economic Costs



How we described the budget situation four years ago:

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.

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.



Questions/Comments

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