

SENATE FINANCE COMMITTEE
April 2, 2025
9:03 a.m.

[9:03:28 AM](#)

CALL TO ORDER

Co-Chair Hoffman called the Senate Finance Committee meeting to order at 9:03 a.m.

MEMBERS PRESENT

Senator Lyman Hoffman, Co-Chair
Senator Donny Olson, Co-Chair
Senator Bert Stedman, Co-Chair
Senator James Kaufman
Senator Jesse Kiehl
Senator Kelly Merrick

MEMBERS ABSENT

Senator Mike Cronk

ALSO PRESENT

Dan Robinson, Chief of Research and Analysis, Department of Labor and Workforce Development.

SUMMARY

SB 56 APPROP: OPERATING BUDGET; CAP; SUPP

SB 56 was SCHEDULED but not HEARD.

PRESENTATION: DEPARTMENT OF LABOR and WORKFORCE DEVELOPMENT

Co-Chair Hoffman discussed the agenda.

^PRESENTATION: DEPARTMENT OF LABOR and WORKFORCE DEVELOPMENT

[9:04:13 AM](#)

DAN ROBINSON, CHIEF OF RESEARCH AND ANALYSIS, DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT, discussed a presentation entitled "Key Economic Trends in 2025," (copy on file). He

relayed that he brought a number of slides to present, most of which were a result of questions from the committee.

Mr. Robinson looked at slide 2, "Alaska Economic Trends, Recent Issues," which showed a picture of four issues of "Alaska Economic Trends" publication. He expanded that his presentation included data from various sources including the Institute of Social and Economic Research (ISER) and the federal government. He discussed the extraction of trends from data, and the importance of accuracy. He shared that he would primarily be available to answer questions during the presentation.

Mr. Robinson spoke to slide 3, "Topics You Asked about":

Data and Research on Housing

Mr. Robinson relayed that the Department of Labor and Workforce Development (DOL) worked with the Alaska Housing Finance Corporation (AHFC) on a couple of projects, gathering data on lending activity and an annual rental survey. He noted that housing was a key part of the economy and impacted things like migration trends, population growth, and jobs.

Mr. Robinson referenced slide 4, "Housing Prices Have Climbed Sharply," which showed a graph representing average sales prices for a single-family Alaska home from 1992 to 2023. He commented that sales prices had gone up a lot, and sales prices had increased at a higher rate than inflation. He observed that there was a sharp upward trajectory in the previous four to five years.

Mr. Robinson turned to slide 5, "Low Levels of New Unit Permitting," which showed a bar graph of new housing units permitted in Alaska, 1960 to 2023." He pointed out housing booms in the 1970s and 1980s, the housing crash in the 1980s, and a normal range of permitting. He observed that from 2008 and 2009 forward, there were fairly few housing units being permitted, which he attributed to the great recession. He emphasized that housing supply had been constrained for a while, which was part of what drove housing up.

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Mr. Robinson considered slide 6, "New Home Costs Have Gone Up More," which had a bar graph illustrating sales price increases in new and existing Alaska homes from 2004 to 2023. He pointed out that housing markets responded to supply and demand, so the strong increase for prices in new homes were an additional factor driven by supply chain issues. He discussed the increase of building supply materials, and labor shortages, both of which contributed to delays.

Mr. Robinson displayed slide 7, "Housing Has Become Less Affordable," which showed a graph of housing affordability, which signified an affordability index that combined wages, home prices, and interest rates. He cited that in recent years, the average number of wage earners required to own a home had gone up. Average mortgage rates had gone up 350 basis points in two years.

Mr. Robinson highlighted slide 8, "Median Rental Costs by State, 2023," which showed a list of states with the median rental rates shown in a 90 percent confidence interval. He cited that the Alaska rental rates were below the national average. He cited that Alaska ranked 20th in rental costs in 2023 and ranked sixth as recently as 2016.

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Mr. Robinson looked at slide 9, "Alaska Incomes/Rents Used to be Highest," which showed a graph of average household income and average rent costs for states. He noted that Alaska was formerly a very high wage state as compared to other states, which was part of what attracted people to the state. He commented that Alaska was mostly a slightly higher-than-average wage state.

Mr. Robinson addressed slide 10, "Topics You Asked about":

Industry Details: Oil and Gas

Mr. Robinson advanced to slide 11, "Oil and Gas Jobs Down But Rising," which showed a line graph of average monthly Alaska oil and gas jobs from 2001 to 2024. He pointed out the peak at above 14,000. He pointed out average monthly counts including bottoming out at 1,500. He noted that the state started to add jobs but was still way below the pre-Covid period. He discussed additional oil and gas jobs.

Senator Kaufman commented that some of the changes were driven by maintenance backlog and consent-degree replacement.

Mr. Robinson noted that there were similar drivers when the state was hitting the high numbers in 2012. He mentioned taxes. He mentioned maintenance, old fields, and high labor cost of expansion.

Mr. Robinson looked at slide 12, "Oil and Gas Wages Are Highest in State":

Average Alaska Wages for Select Industries (2023)

Oil and Gas: \$181,200

Metal Mining: \$125,532

Construction: \$ 93,372

Health Care/Social Assistance: \$ 70,800

Leisure and Hospitality: \$ 32,316

Total: \$ 67,956

Mr. Robinson commented that oil and gas was one area in which the state had higher wages than other locations. Over the previous few years, he was surprised to find a struggle to find workers despite the high wages.

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Mr. Robinson showed slide 13, "Increasing Share of Nonresident Workers," which showed a graph of the percent of non-resident oil and gas workers from 2001 to 2023. He relayed that non-resident criteria was the Alaska Permanent Fund Dividend (PFD), which was a strict definition. He pointed out a steady increase in the number of non-resident workers.

Mr. Robinson referenced slide 14, "Topics You Asked about":

Industry Details: Seafood

Mr. Robinson turned to slide 15, "Fishing Jobs Have Been Falling," which showed a graph of average monthly fishing employment in Alaska from 2011 to 2023. He relayed that fishing jobs were not part of the normal data set. He noted an annual report on fish harvesting jobs, and pointed out a sizeable decline.

Mr. Robinson considered slide 16, "More Than Half of Jobs Are In Salmon," which showed a pie chart of Alaska fishing jobs by species. He pointed out a peak in July.

Senator Kiehl asked Mr. Robinson to discuss how data on jobs were allocated to various fisheries.

Mr. Robinson relayed that geographic location was assigned from the permits, and the landing triggered the calculation of the number of crew required to fish the permit. He mentioned gear type and species as additional considerations.

Senator Kiehl suggested a hypothetical scenario with job apportionment for individuals fishing multiple species throughout the year.

Mr. Robinson described monthly landings and consideration of the jobs required to fish the species, and considering employment by place of work.

Senator Kiehl asked if the data considered monthly proportionality by fish type.

Mr. Robinson clarified that the calculation was more monthly tally by fish type.

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Mr. Robinson displayed slide 17, "Declines for Both Permit Holders and Crew," which showed a bar graph depicting the number of active Alaska permit holders and crew licenses from 2014 to 2023. The slide showed the activity level for types of people involved in fishing, showing crew members and active permit holders. In some recent years, permit holders did not fish. Rather than tally the number of permits, active permit holders with at least one landing were considered. He noted that crew licenses were easy to obtain, and he was fairly certain the individuals were active. He observed a big decrease in people fishing in the state, from over 35,000 in 2014 to 22,000 in 2023.

Mr. Robinson highlighted slide 18, "Big Shakeup in Seafood Processing," which showed a bar graph of processing jobs in facilities with announced closures or sales. He relayed that the information was taken from an article the department did on a historical look at processing

facilities that were closing or going up for sale. He thought the information was a meaningful piece of the total. He noted that for certain areas, the facilities that were at risk may have been all that was available for the area. He noted that the situation was still developing, and the department had only just received third-quarter data from 2024.

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Mr. Robinson looked at slide 19, "Seafood Processing Around the State," which showed a map of the state denoting seafood processing employment and number of facilities by area.

Mr. Robinson addressed slide 20, "Processing Jobs Have Also Been Falling," which showed a line graph with Alaska seafood processing average and peak employment, from 2014 to 2024. He noted that in 2020, there was a big decline in activity level. He discussed processing plants during the Covid-19 pandemic. He observed a lower average monthly job count.

Mr. Robinson advanced to slide 21, "A Growing Percentage of Nonresidents," which showed a line graph of the percent nonresident Alaska workers in seafood processing from 2001 to 2023. He commented on the high number of non-resident seafood processing workers. There was not much question that the number would rise again in 2024.

Co-Chair Hoffman asked if there was an idea of where the nonresident workers were coming from.

Mr. Robinson mentioned nonresident workers with H-2B visa applications, and noted that the data was difficult to obtain. Previously there was an ability to identify international workers based on the social security number, but the process was now more difficult. He thought there were more non-residents that were international versus domestic. In the previous five years, there had been applications from companies to be able to hire more international workers.

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Mr. Robinson looked at slide 22, "Topics You Asked about":

Industry Details: Tourism

Mr. Robinson spoke to slide 23, "Tourism Has Been a Growth Industry," which showed a bar graph representing cruise ship visitors to Alaska from 2014 to 2025. He observed a big increase over a relatively short period of time. He pointed out an all-time high in 2023 and 2024 after very low levels in 2020. He shared that it was hard to say how much more growth to anticipate but the demand was strong. He described the appeal of Alaska as an enduring economic strength of the state.

Co-Chair Hoffman asked about the number of cruise ships over time.

Mr. Robinson asked for clarification.

Co-Chair Hoffman asked about increases in the number of ships.

Mr. Robinson relayed that part of the reason for increased passenger counts was due to the construction of much larger ships.

Mr. Robinson referenced slide 24, "Cruise Ship Stops Scattered Around State," which showed a map of the state denoting where cruise ships stopped and number of stops. He observed stops concentrated in Southeast but with scattered stops in other locations. He pointed out that the travelers to Southeast often stayed in other parts of the state and that tourism was a statewide industry.

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Mr. Robinson turned to slide 25, "A Growing Share of Nonresident Workers," which showed a line graph depicting the percent nonresident Alaska workers in visitor-related jobs from 2001 to 2023. He discussed the difficulty in obtaining data and considered that a subsector like whale watching would show much higher data. He qualified that most non-resident workers were from the United States and that the number had increased.

Mr. Robinson considered slide 26, "Topics You Asked about":

Industry Details: Mining

Mr. Robinson displayed slide 27, "Strong Steady Growth in Mining Jobs," which showed a line graph of the average monthly Alaska mining jobs from 2001 to 2024. He remarked on the short period of time for growth. He commented that there was a lot more growth potential and that the state had minerals that the world needed. The state was also infrastructure-challenged, which was one of the reasons mines in Southeast were somewhat more viable. He mentioned the Ambler Road project.

Senator Kiehl thought the steadiness of employment growth over 20 years as shown on the chart was remarkable. He asked Mr. Robinson to discuss the consistent growth in jobs.

Mr. Robinson completely agreed. He was fairly sure that when a mine came online, it always had a life expectancy and always extended the date. He used the example of the Kensington Mine. He discussed expanded operations.

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Mr. Robinson highlighted slide 28, "Nonresident Workers in Mining Industry," which showed a line graph depicting the percent non-resident Alaska workers in mining jobs from 2001 to 2023. He observed that the graph showed an increasing percentage on non-resident workers and observed a spike in non-resident workers when the Kensington mine opened, which had later dipped before a rising trend. He pondered that that the jobs might be less visible than jobs in town and discussed means of exposing young people through internships and other experiences. He relayed that more often than not, resident and non-resident employment grew and shrank together. He used the example of Skagway, which could not provide all the workers for the summer tourist industry.

Mr. Robinson looked at slide 29, "Other Key Industries and Sectors":

Industry Details: Construction

Mr. Robinson addressed slide 30, "Strong Recent Growth in Construction," which showed a line graph depicting average monthly Alaska construction jobs from 2001-2024. He noted that Alaska had led the nation in construction growth at different points in time over the previous three years. He

cited reasons such as of Willow and Pikka mines and mentioned the Infrastructure Investment and Jobs Act (IIJA). He thought attributing the growth to IIJA was tricky because of lack of data. He mentioned jobs associated with oil fields.

Mr. Robinson advanced to slide 31, "Jump in Nonresidents in 2023," which showed a line graph depicting the percent nonresident Alaska workers in construction jobs, 2001-2023. He pointed out a big jump in 2023, most likely due to a labor shortage. He commented on the specialized work developing Willow and Pikka mines, specifically in pipelines, that would require hiring from an international workforce. He mentioned that many of the workers in mine development were always moving in the world to where the oil and gas activity was.

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Mr. Robinson looked at slide 32, "Other Key Industries and Sectors":

Industry Details: Government

Mr. Robinson spoke to slide 33, "Government Jobs, 2001-2024," which showed a bar graph of federal state and local government jobs. Local government included municipal government as well as K-12 schools. In all three cases, the peaks were a way back. State government showed a peak in 2014. Local government peaked in 2010 at about 40,000.

Senator Kiehl asked if tribal government employment showed up on the chart.

Mr. Robinson answered affirmatively. He mentioned tribal government-specific growth in recent years.

Co-Chair Stedman assumed that state government numbers counted actual employees and not positions that included vacancies.

Mr. Robinson answered affirmatively. He noted that the data included jobs that involved a paycheck.

Mr. Robinson referenced slide 34, "Private Sector Jobs Have Grown Most," which showed a line graph of the annual

percent change in government and private sector jobs from 2002 to 2024. The slide showed how the private sector compared to total government jobs over 20 years. He pointed out that most of the time the private sector had been growing at a higher rate, with the exception of the recession in 2009/2010 and a small amount in 2015 to 2018 downturn. Government jobs fell less (by far) than the private sector during the Covid-19 pandemic and had been growing less since.

Mr. Robinson directed attention to the small box at the bottom of the slide with more specific insight:

Total change in private sector jobs
2002-2024: 13.2%
Total change in government jobs
2002-2024: 2.5%

Mr. Robinson noted that over the period, the state's population had grown by about 15 percent. He observed that government jobs per capital had shrunk.

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Mr. Robinson turned to slide 35, "Overall State Economy Has Improved":

- We underperformed relative to U.S. and most other states over the decade from 2013-2022 by most macroeconomic measures (Gross Domestic Product (GDP), employment growth, personal income, net migration)
- BUT, from 2023 forward we have overperformed U.S. economy and most states in job growth (and in GDP for at least 2023)

Mr. Robinson considered that he had looked over a presentation he had given two years previously. at the time, the state was at or near the bottom in almost every economic measure. In the more recent period, the state had generally outperformed the U.S. economy.

Mr. Robinson considered slide 36, "Stronger Job Growth in 2023 and 2024," which showed a line graph representing the percent annual change Alaska and U.S. job growth from 2005 to 2024. From 2012 to 2023, the state was below the U.S. with greater effects of Covid-19 but in 2023 the state

bumped up and was comfortably above the country's job growth in 2024.

Mr. Robinson displayed slide 37, "Stronger GDP Growth in 2023," which showed a graph depicting the percent of annual change Alaska and U.S. Gross Domestic Product (GDP) growth from 2006 to 2024. The U.S. was far less volatile than Alaska. The line representing the state was jagged. He thought GDP was driven by oil prices primarily. He relayed that sometimes the department considered GDP without oil. He observed growth in 2023 and noted that the data did not show increased production from Willow and Pikka.

Mr. Robinson showed slide 38, "Negative Net Migration for Last 12 Years," which showed a graph of Alaska in migration and out migration from 2005 to 2024. He noted that for the previous 12 years more people had left the state than migrated in. He remarked on the size of the numbers and noted that in 2024, 92,000 people either moved to or away from Alaska, which was well above 10 percent of the total population. He thought it was worth talking about why people left.

Mr. Robinson looked at slide 39, "Working-Age Population Has Fallen," which showed a graph of Alaska's working-age (18-64) population from 1990 to 2024. He pointed out that there was a decline in the people coming to the state, and the people that came stayed for a shorter amount of time than previously. He mentioned declining birth rates and baby boomers aging out of work. He observed that in the last two years the declines were less steep.

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Senator Kiehl thought Mr. Robinson had mentioned a data point on slide 38 that indicated people that came to the state stayed for a shorter time on average than previously. He asked about what factors were contributing to the effect.

Mr. Robinson relayed that he did not know, and contemplated reasons for moving such as jobs, housing, family, and health. He qualified that it was impossible to know with precision. He mentioned that the division had recently written an article on seniors, who were leaving the state at a slightly higher rate than previously. He pondered that seniors were not finding something in the state that could

be found elsewhere. He mentioned an article that explained that states with strong net gains in senior populations were the mountain Western states. He thought jobs were a part of the effect and noted that jobs in the country were strong. He thought the question mattered for the economic future of the state.

Mr. Robinson addressed slide 40, "Current and Durable Economic Strengths

- An abundance of resources the world needs or wants (minerals, oil and natural gas, fish, wildlife, dramatic natural beauty, rich cultural heritage)
- Location/size, in some contexts: military, air cargo, potential new international shipping lanes
- Strong reputation as a big, beautiful, adventurous, outdoor entertainment-rich place to live

Mr. Robinson relayed that the items on the slide were seen as economic assets in the past and for the future. He acknowledged that fisheries were experiencing challenges but it was a world-class resource that would not go away. He reminded that not very long ago the state was talking about closing Eielson Air Force Base in Fairbanks.

Mr. Robinson discussed the state's reputation and thought its brand was strong. He pondered migration by age, and thought the state attracted young people, and disproportionately males.

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Mr. Robinson advanced to slide 41, "Economic Challenges (Some Enduring)":

- Unprecedentedly sticky trend of negative net migration and working-age population decline
- Most volatile tax revenue of any state and an ongoing transition to a new set of revenue and spending assumptions
- Location/size in some contexts (distance from major markets, small local population, expensive travel to and from, energy sources and connections)

Mr. Robinson noted that negative net migration was not happening in all places, but in certain states. He clarified that the phenomenon was not happening in every

state and was a weakness. He cited a study that identified Alaska as having the most volatile revenue of all the states, which he thought was less of a challenge when the state's savings accounts were large. He discussed unique factors in the state listed on the bottom of the slide.

Mr. Robinson looked at slide 42, "Questions or to Subscribe to Trends":

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Mr. Robinson noted that there was a QR code displayed on the slide, which provided access to the publication Alaska Economic Trends.

Senator Kiehl thanked Mr. Robinson for the information and insights. He pondered diversification of the state's economy and thought it was encouraging to see private sector job growth that had occurred. He asked what else the legislature should be considering.

Mr. Robinson referenced ISER economists that had discussed diversification and emphasized maximizing value of what the state did best. He mentioned success in changing product forms in seafood processing. He mentioned seafood processing, tourism, and mining. He emphasized that the state did not have as much infrastructure as other states. He discussed advantages of Southeast. He mentioned strong schools and universities, which he described as "a breeding ground for thinking" for entrepreneurs.

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Co-Chair Stedman referenced slide 3 and thought it would be helpful to include the numerics on the slide on state government employment. He thought it was interesting to think about the decline in the state's employee base while looking at changes in overall expenditure.

Mr. Robinson agreed to provide the information. He pointed out that despite declining employment, wages had gone up. He noted that there had been a small uptick in state employment, with a little success in filling some of the many empty positions.

Co-Chair Stedman considered growth in government and thought it would be interesting to see the decline in employment versus the agency spending, which had been fairly flat.

Mr. Robinson relayed that six or seven years previously he had been frustrated hearing people discussing a lack of cuts in government versus the private sector. He clarified that the governor did not generally cut jobs by layoffs but rather through attrition. He thought the University's decline roughly matched the non-University decline in positions.

Senator Kaufman thanked Mr. Robinson. He referenced slide 37 and asked about the effect of inflation.

Mr. Robinson noted that the data was inflation-adjusted and had been sourced from the Bureau of Economic Analysis.

Senator Kaufman mentioned slide 17, and Alaska permit holders. He asked about the transition from in-state to out-of-state permit holder.

Mr. Robinson clarified that the numbers showed holders of Alaskan permits, and would include non-resident permit holders. He noted that there was an increasing number of non-residents holding Alaska permits. He referenced a recent article on the topic.

Senator Kaufman observed that there was a diverging trend of fewer permits and less permits in Alaska.

Mr. Robinson answered affirmatively. He cited that the decline would be bigger if it showed only Alaska holders of Alaska permits.

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Co-Chair Stedman referenced his earlier question and suggested that the University positions be factored out of the state agency job data he requested.

Mr. Robinson agreed.

Co-Chair Hoffman addressed the general topic of economic trends and asked about what role the PFD program and funds had on the trends.

Mr. Robinson relayed that mathematically, the PFD made the state richer. It was harder to ascertain whether the funds were spent or saved. He noted that there was not a lot of good data on how the funds were spent. The funds increased collective wealth. The division had written in 2016 that when a state struggled over an extended period of time, something other than a business cycle was happening. He mentioned items such as reduction of the PFD, reduction of state government, and increased revenue. He relayed that ISER had done work to contemplate the short-term effect of the factors.

Mr. Robinson continued and commented that there was no state that had a lower tax burden than Alaska. He had heard economists say that the state had powerful levers that had not been engaged yet. He mentioned the resistance to engaging the levers, which was political and due to people "being used to things." He pondered whether the state had more government than its share, which was inherited from the heyday in the 1980s along with high wages and retirements. He cited that in the 1980s, Alaskan teachers made 70 percent more than average, while now they made average wages.

Co-Chair Hoffman discussed the agenda for the following day.

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ADJOURNMENT

10:07:43 AM

The meeting was adjourned at 10:07 a.m.