# ALASKA'S ECONOMY
Understand it. Support it. Grow it.

Volume 6
June 2018


*Scott Goldsmith, Professor Emeritus of Economics, Institute of Social and Economic Research at the University of Alaska Anchorage, shares his views on the Alaska economy.*

### May Unemployment Rate Inches Down to 7.2 Percent

The May 2018 seasonally adjusted unemployment rate for Alaska was 7.2 percent, down from the 7.3 percent rate for the first four months of the year. The comparable national rate was 3.8 percent.

Alaska continued to have the highest unemployment rate in the nation in April. The lowest rate, 2.0 percent, was reported in Hawaii. **Figure 1**

### Preliminary Job Count in May 2,000 Below Last Year

The preliminary estimate of employment (wage and salary jobs) in May from the Alaska Department of Labor shows a decline of 2,000 (.7 percent) from a year earlier. Employment has been falling since October 2015.

The largest loss (900 jobs) was reported in the trade sector. Oil and gas, finance, and other services also reported significant losses. Healthcare continues to be the only industry reporting sustained growth (1,000). State and local government together accounted for 800 jobs lost.

Job growth performance in Alaska in April was better than only one state – North Dakota where employment declined 1.9 percent over the year. Utah, with a growth rate of 3.4 percent, had the best performance. **Figure 2**

### North Slope Oil Spot Price Drops Toward $70

The West Coast price of North Slope crude oil traded in the low $70s this month after briefly hitting $80 per barrel. The rising price since last fall has pulled the fiscal year average price up to $63 compared to $49 last year. The spot price will continue to fluctuate because of uncertainty about OPEC's plans regarding continuation of its self-imposed constraint on supply.

The average price of $63 is $2 above the latest (Spring 2018) Alaska Department of Revenue forecast of $61. **Figure 3**

### North Slope Oil Production Averaging 2 Percent Below Last Year

Through May of this fiscal year (2018) production has averaged 522,000 barrels per day, about 2 percent (9,000 barrels) lower than last year at this time.

Production should end this fiscal year right on the most recent (Spring 2018) Alaska Department of Revenue forecast of 522,000 barrels per day. **Figure 4**

## Strong Economic Contribution of Alaska Native Corporations

The 12 ANCSA Regional Corporations accounted for 57 percent of the gross revenue of the "Top 49" Alaska-owned companies in 2016. Including the nine largest Native Village Corporations, the share was 75 percent. The Regional and Village ANCSA Corporations on the "Top 49" list also accounted for 86 percent of all jobs and 69 percent of jobs created within Alaska. **Figure 5**

ANCSA Regional Corporation revenues were marginally lower in 2016 at $8.2 billion. The share attributable to 8(a) contracting continued to decline and now stands at only 24 percent, down from 43 percent in 2010. **Figure 6**

Net income fell to $107 million and total dividends paid declined modestly to $161 million. **Figure 7**

## ANCSA 7(i) Resource Revenue Sharing was $234 Million in 2015

ANCSA Regional Corporation sharing of resource revenues in 2015 under the terms of Section 7(i) of the Alaska Native Claims Settlement Act were $234 million according to the ANCSA Regional Association. Section 7(i) requires that 70 percent of all revenues received by each Regional Corporation from timber, mining, and oil and gas resources must be distributed annually among all 12 Corporations according to the number of Natives enrolled. (At least half of those revenues are further distributed to the Village Corporations based on Section 7(j). **Figure 8**

Cumulative distributions since 1982 have been $3.2 billion (2015 dollars). Most of the distributions in the last decade have come from oil and gas production and mining. In the earlier years revenue was primarily from timber sales. **Figure 9**

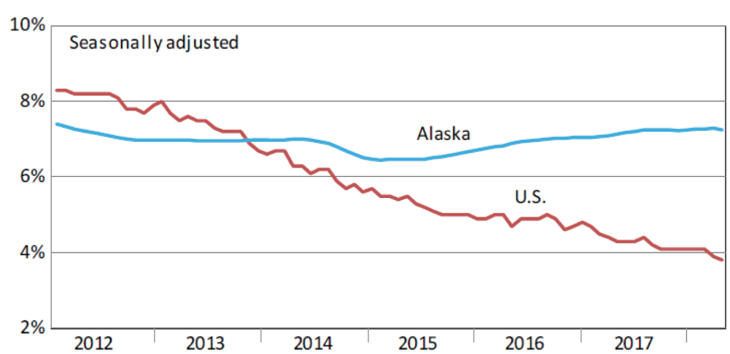
## 2018 Construction Spending Forecast – 4 Percent Growth

The Alaska construction spending forecast for 2018 from the Institute of Social and Economic Research is $6.57 billion, an increase of 4 percent over 2017. **Figure 10**

The recovery is being driven by growth in capital spending by the petroleum sector as well as an increase in federal spending for national defense. Non-petroleum basic spending (mostly mining) is also higher. State and local government spending continues to contract due to revenue constraints and this is also negatively impacting non-basic private spending. **Figure 11**

**Unemployment Rates, Alaska and U.S.**

January 2012 to May 2018




Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section; and U.S. Bureau of Labor Statistics

**Figure 1**

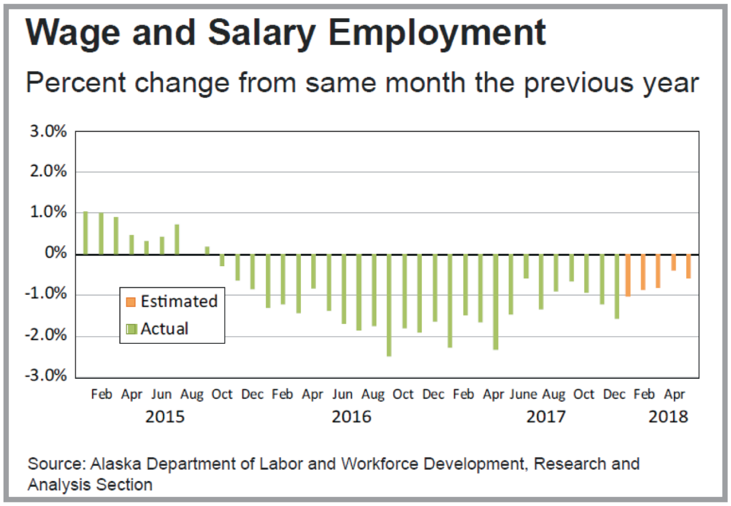



Figure 2

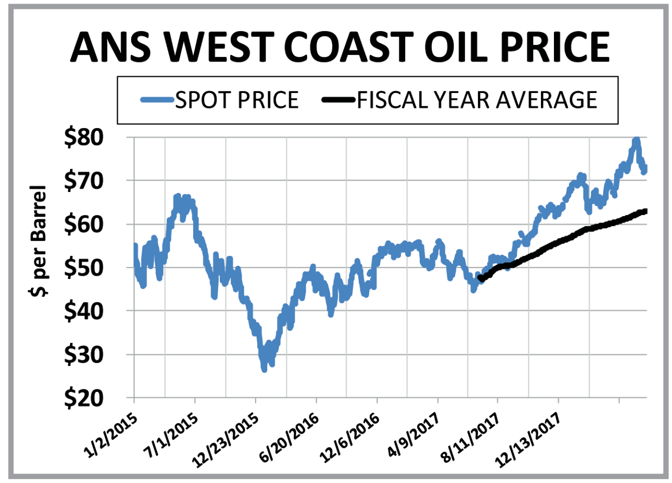



Figure 3

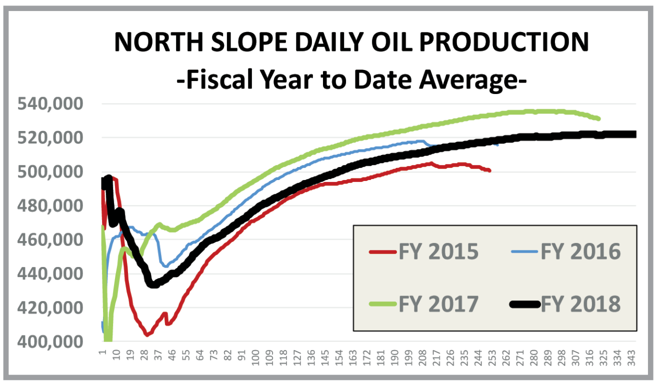



Figure 4

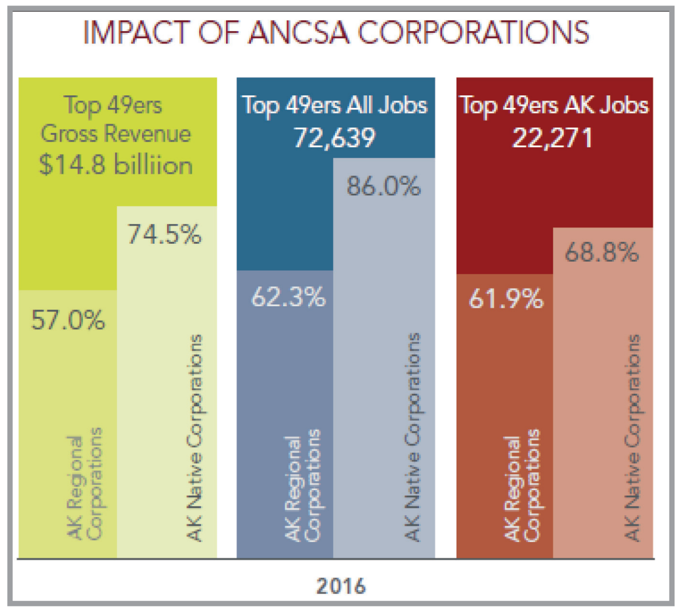



Figure 5

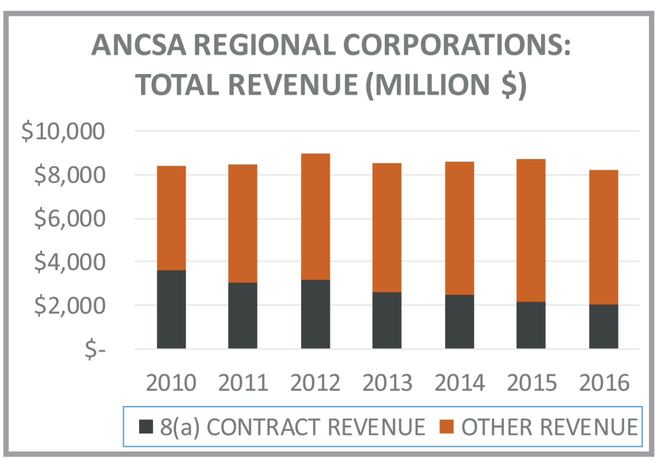



Figure 6

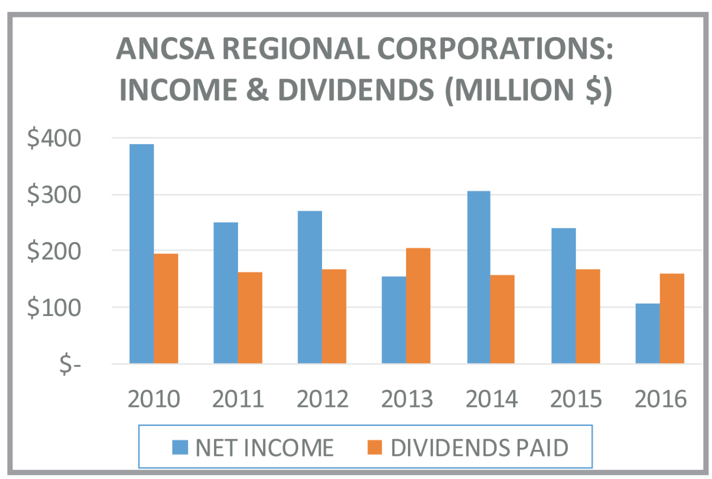



Figure 7

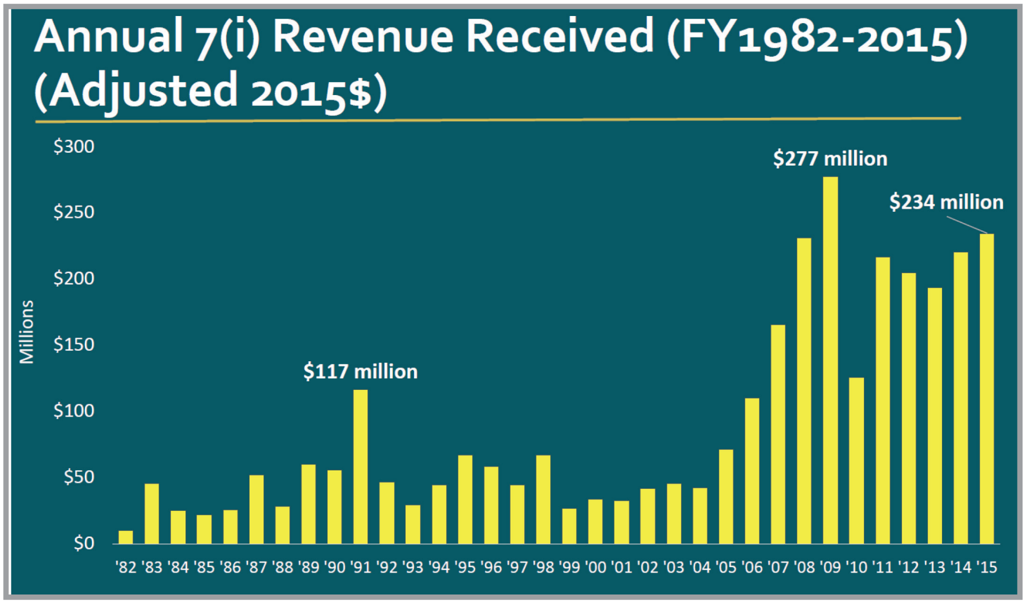



Figure 8

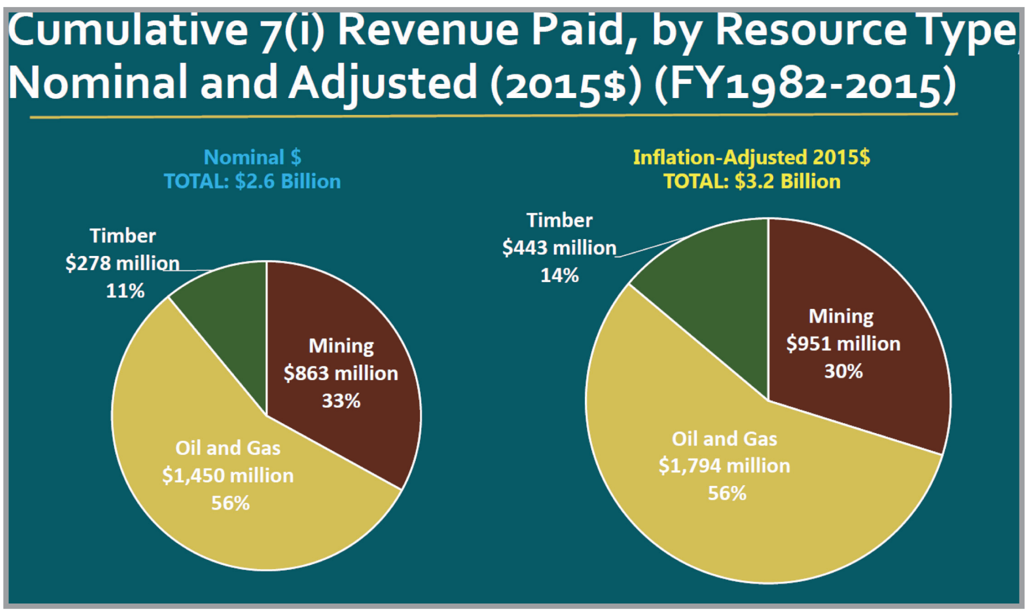



Figure 9

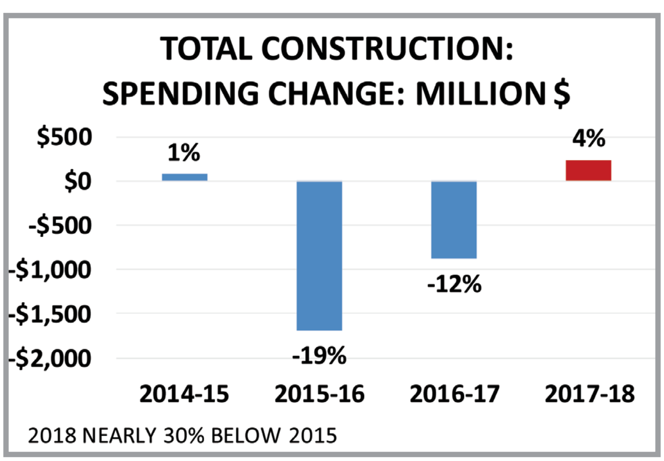



Figure 10

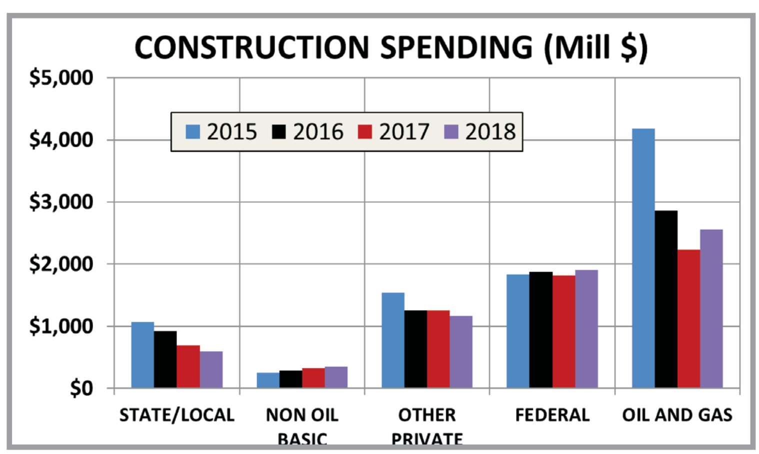



Figure 11