



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

August Unemployment at 6.6 Percent

Unemployment in Alaska stood at 6.6 percent in August, compared with 6.9 percent in August 2014. The national rate this August was 5.1 percent, down from 6.1 percent a year earlier.

Unemployment in Alaska has been fairly stable—averaging 6.8 percent over the past three years—while unemployment across the country has fallen steadily. **Figure 1**

Anchorage Consumer Optimism Index Lower in First Quarter

The Anchorage Consumer Optimism Index, prepared by Northern Economics based on a survey of 350 households in the Municipality of Anchorage, was 58.3 in the first quarter of this year—up from 58.2. (The index can take values between 0 and 100. A value greater than 50 indicates relative confidence in the economy.) However, the six-month moving average—a more stable measure (as shown in the graph)—fell 2.6 points.

Among the three components that make up the index, personal financial confidence increased while local economic confidence and future expectations both declined. **Figure 2**

AEDC Anchorage Three-Year Economic Outlook

The Anchorage Economic Development Corporation expects wage and salary employment in 2015 to increase about 800, or .5 percent, over 2014, but that employment will decline slightly over the following three years. In 2016 employment is expected to hold steady at the 2015 level. It is forecast to decline by 800 in 2017 and again hold steady in 2018. **Figure 3**

Strength in the health care, tourism and air transportation sectors will soften declines associated with cuts in the military—an expected loss of 2,700 personnel at Joint Base Elmendorf-Richardson (JBER) over the next two years—as well as reductions in state government construction spending and state government employment.

The forecast assumes “Anchorage should not necessarily anticipate the full loss of 2,700 troops and civilian positions from its population, as some troops and their families may elect to stay in Anchorage.” It also assumes a recovery in the oil price to \$90 in 2018.

Anchorage population is projected to increase slightly this year, to 302,000, after a year of no growth. The slowing economy will cause a drop in population of 4,500 over the next two years, primarily due to the downsizing at JBER, before it stabilizes at 297,500 in 2018. **Figure 4**

Rasmuson Survey—Attitudes on the State Fiscal Climate

The Rasmuson Foundation recently completed a poll of 1,200 registered voters in Alaska, to gauge their attitudes on the state fiscal climate. Most respondents were aware of the fiscal shortfall facing the state and are generally concerned. **Figure 5 and 6**

More than half rated the economy in poor or only fair shape today, and more than a third thought the economy would be worse rather than better next year. **Figure 7 and 8**

Respondents were asked if they would support or oppose a number of alternatives in a package of spending cuts and new revenue to address the budget shortfall. The most popular ways of raising new revenue were using the earnings of the Permanent Fund, reducing oil tax credits, capping the Permanent Fund dividend, and introducing a state sales tax. **Figure 9**

Respondents preferred a sales tax to an income tax. More respondents were willing to cap the dividend if it preserved a dividend for future Alaskans, rather than capping the dividend to avoid deep cuts in public services.

Cost of Rentals Up About 50 Percent in 10 Years

The cost of renting (apartments and single-family units), including utilities, has increased about 50 percent in the last decade, according to new data from the Alaska Department of Labor. The cost of rentals is about the same in four large markets, but its affordability varies by location.

In Anchorage the average monthly rental cost in 2015 is \$1,255. Since a fixed percentage of the average gross household income (typically 24 percent) is about that amount, the “rental affordability index” is about 1. **Figure 10**

The affordability index in the Matanuska Borough market is about 1.3 which means it requires 1.3 times the average wage to afford the average rental unit. The index in Juneau is 1.16 and in Fairbanks 1.07. **Figure 11, 12 and 13**

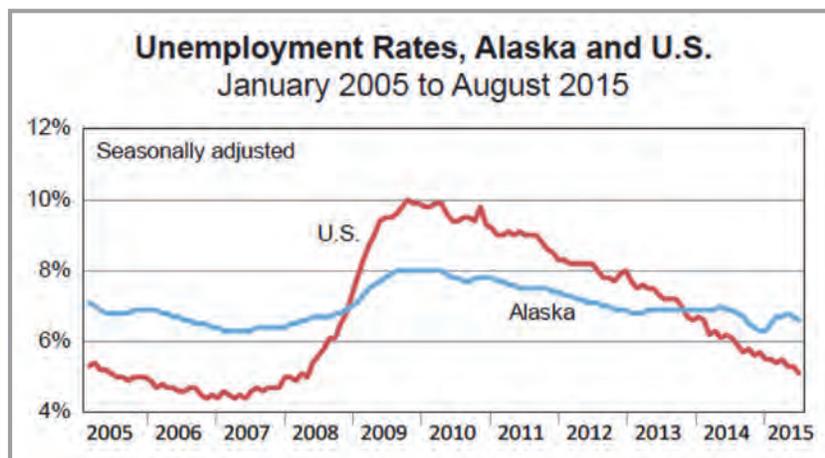


Figure 1

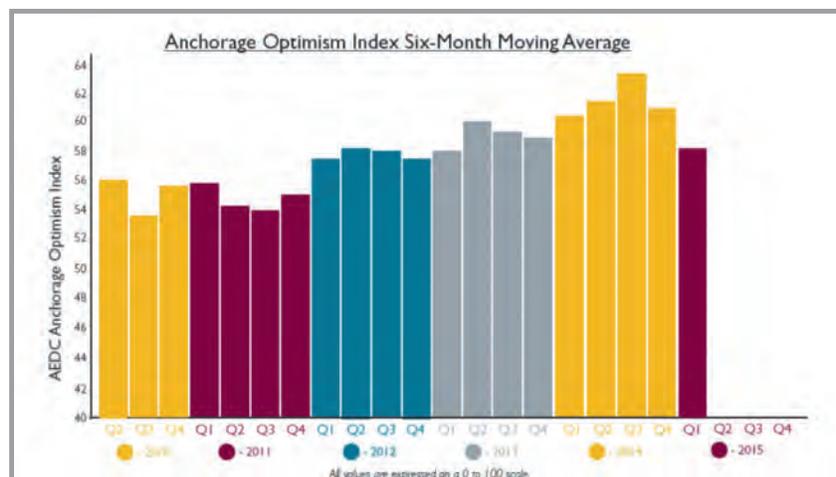


Figure 2

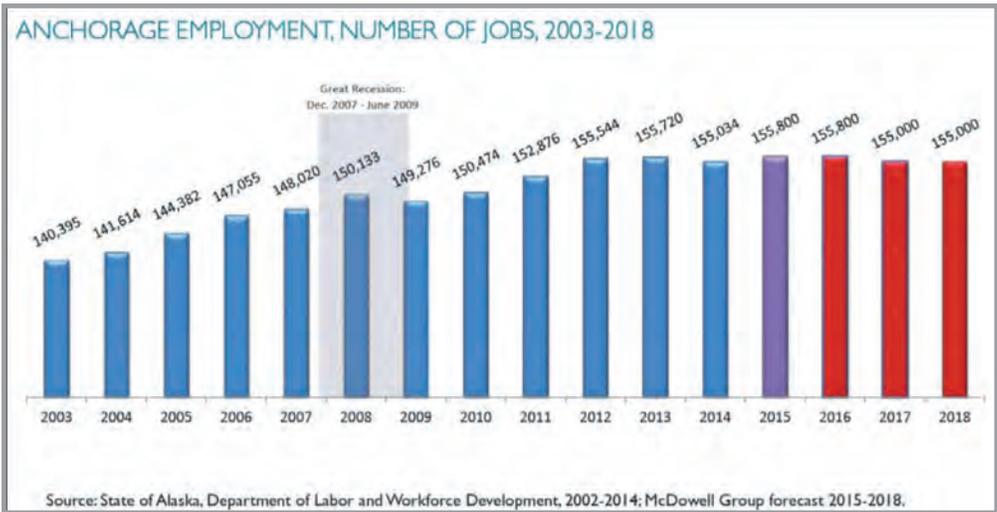


Figure 3

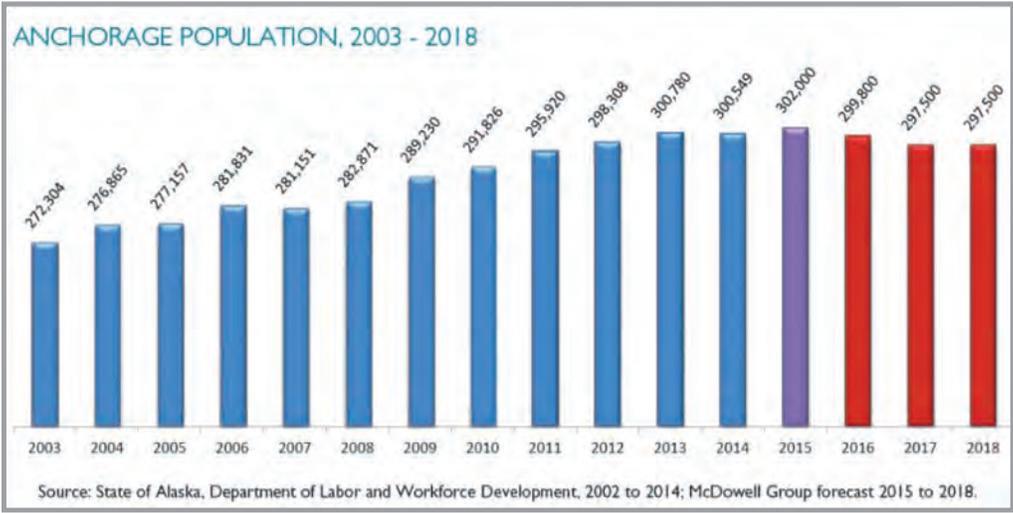


Figure 4

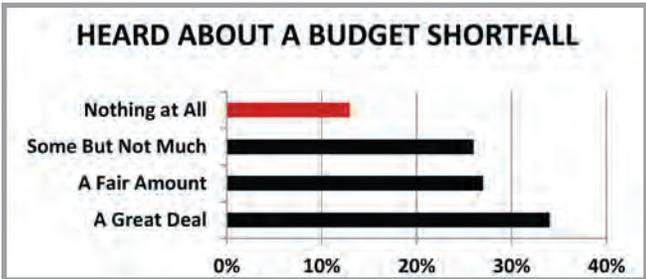


Figure 5

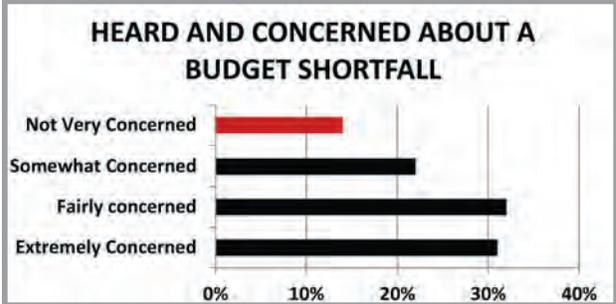


Figure 6

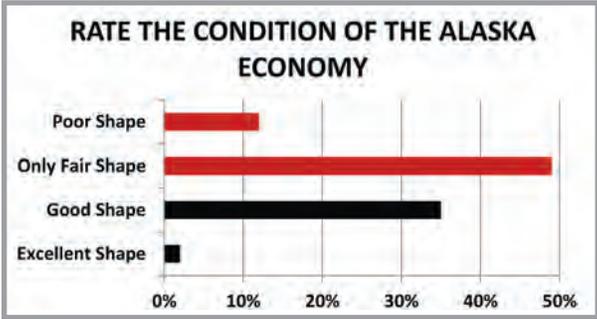


Figure 7

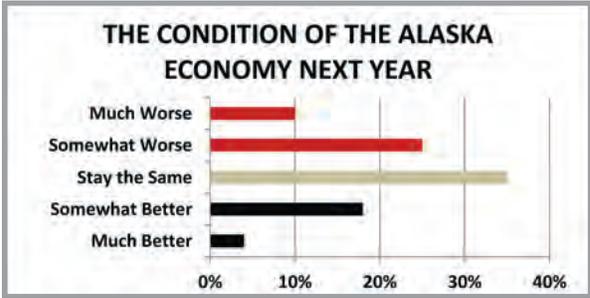


Figure 8

ANCHORAGE

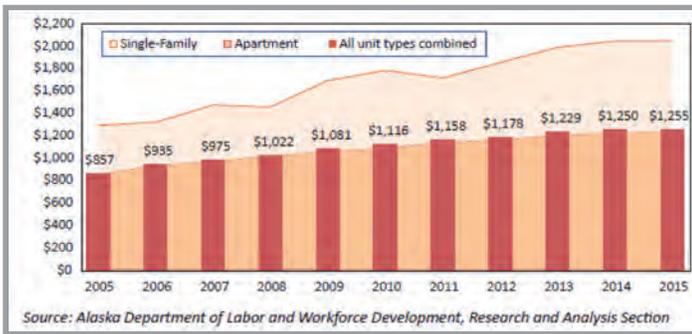


Figure 9

MATANUSKA-SUSITNA

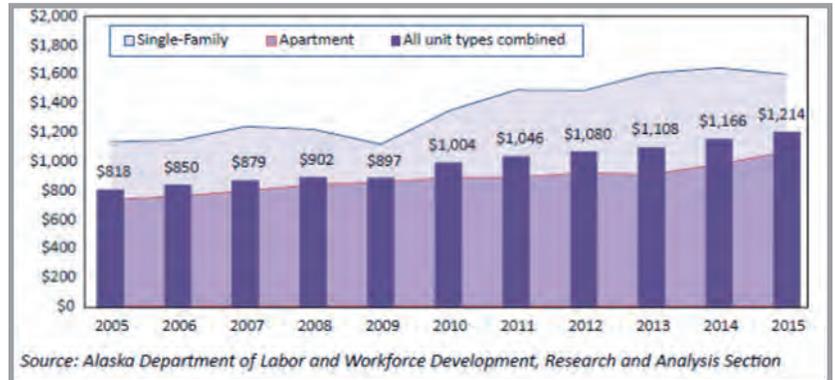


Figure 10

FAIRBANKS

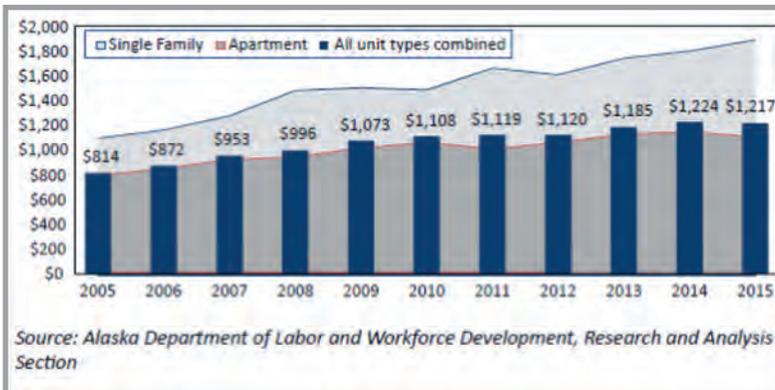


Figure 11

JUNEAU

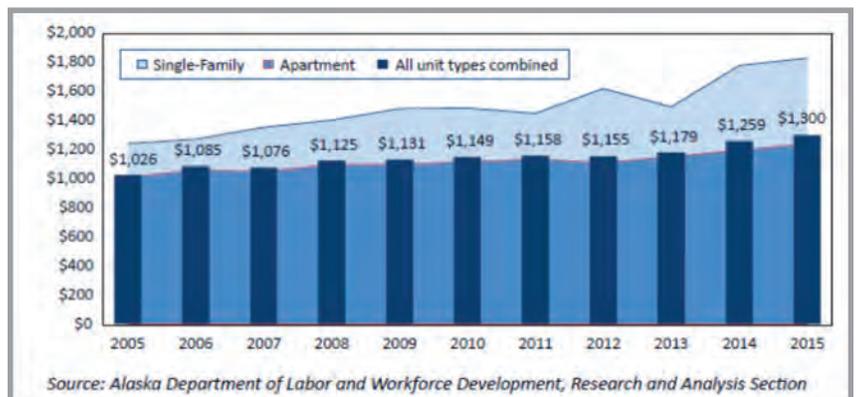


Figure 12