



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

## **September Unemployment Rate Drops to 6.4 Percent**

The September 2015 seasonally adjusted unemployment rate for Alaska was 6.4 percent, slightly below the 6.6 percent rate reported in August. The national rate for September was 5.1 percent, unchanged from the previous month.

The Alaska unemployment rate has been relatively stable at the historical average for the past year while the national rate has continued to fall. **Figure 1**

## **North Slope Oil Price Averaging \$51 This Fiscal Year**

The North Slope oil price has averaged \$51 per barrel this fiscal year starting in July.

This is below the \$66 forecast of the Alaska Department of Revenue made last spring. The low price will likely result in a downward revision of their revenue forecast which will be published prior to the next regular legislative session in January 2016. **Figure 2**

## **Alaska Employment 1 Percent Higher in First Quarter of 2015**

Alaska wage and salary employment in the first quarter of 2015 was one percent higher than a year earlier according to the Alaska Department of Labor. The growth, about 3,300 jobs, was almost all in the private sector. **Figure 3**

The increase was higher than the two previous years. About one-third of the increase was due to a sharp rise of 1,000 jobs in construction employment to 15,400. This was the fourth year in a row that construction employment has increased. Petroleum employment was also higher by 500 in the first quarter compared to the previous year.

Health care employment was only 100 higher than the previous year.

Employment was higher in all major labor markets except Fairbanks. **Figure 4**

Preliminary estimated employment through September shows a seasonally adjusted decline beginning in the third quarter, reflecting a delayed response to the drop in the price of oil. **Figure 5**

## **The 2015 Permanent Fund Dividend is \$2,072**

The 2015 Permanent Fund dividend of \$2,072 was distributed in October to more than 600,000 Alaska residents. It is the largest payout since the dividend was established in 1982. However the dividend has been larger in six previous years in inflation-adjusted dollars, most recently in 2008. **Figure 6**

The dividend will pump about \$1.4 billion in purchasing power into the economy, before taxes.

## **Cost of Living in Alaska**

The US Department of Commerce Bureau of Economic Analysis has begun publishing cost of living indices by state (Regional Price Parities). The most recent index for Alaska is 106. Based on this figure, the estimated cost of living in Alaska is 6 percent above the national average. (This is a measure of the cost of living in urban areas only.)

Hawaii and 6 other states are judged to be more expensive than Alaska. **Figure 7**

An alternative cost of living index published by the Council for Community and Economic Research shows a considerably higher differential for Alaskan communities. For example the most recent index for Anchorage from this organization is 132.4 suggesting that the cost of living in Anchorage is 32 percent above the average for urban areas. However this index has a number of shortcomings and lacks the rigor of the Department of Commerce methodology.

### Share of Year-Round Workers Making Low Wages Increases

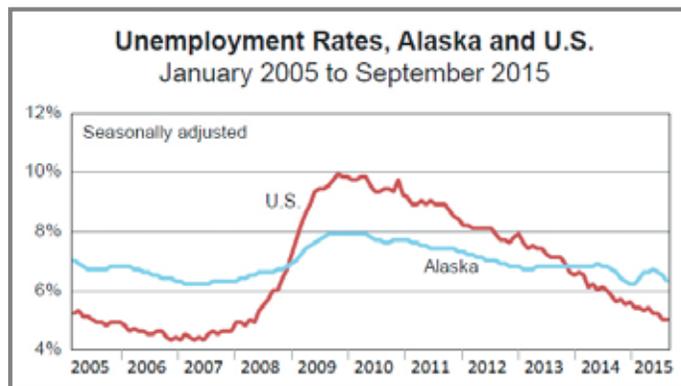
The percentage of year-round workers making relatively low wages (\$20,000 to \$40,000 annually) has increased from 28 percent in 1989 to 34 percent in 2014. The percentage making moderately high wages (\$70,000 to \$150,000 annually) has declined from 34 to 26 percent. (The 1989 wages have been adjusted upwards to account for inflation.) **Figure 8**

The shift has occurred because low-wage workers have accounted for almost all the growth in employment during this time. **Figure 9**

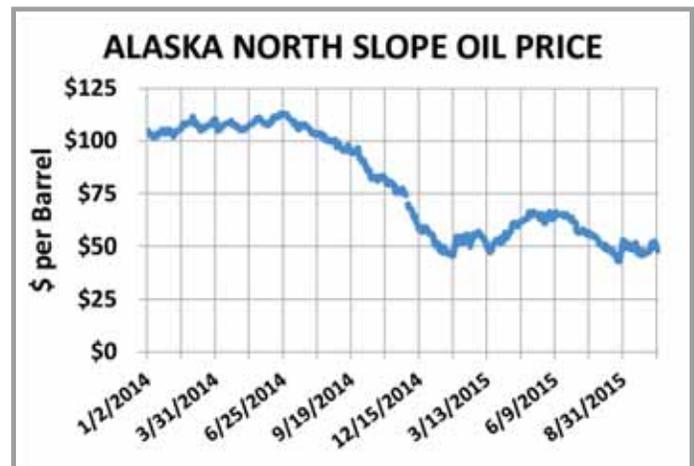
### Alaska Native Corporation Annual Revenue Tops \$8.5 Billion

The annual revenue of the 12 Alaska Native Regional Corporations in 2013 was \$8.533 billion according to the Fairbanks Community Research Quarterly. Three corporations each had revenues exceeding \$1 billion.

These corporations had 115,000 shareholders. The average revenue per shareholder ranged from \$234,000 for Chugach Alaska to \$8,000 for Sealaska. **Figure 10**



**Figure 1**



**Figure 2**

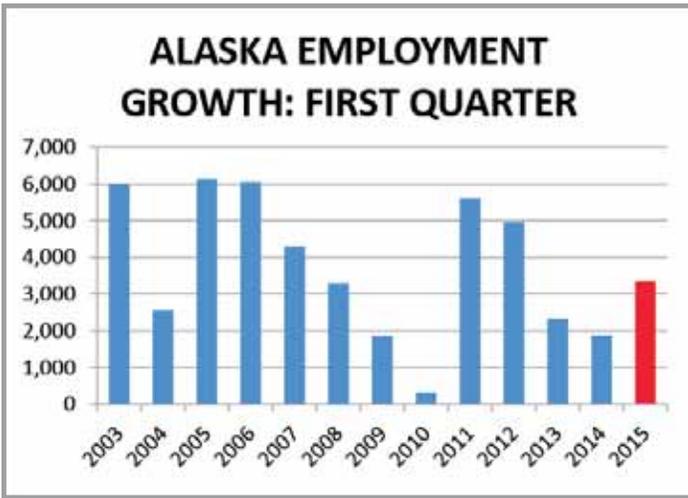


Figure 3

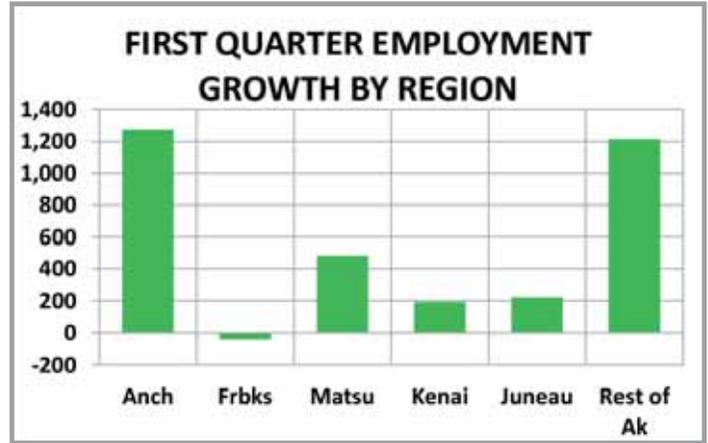


Figure 4

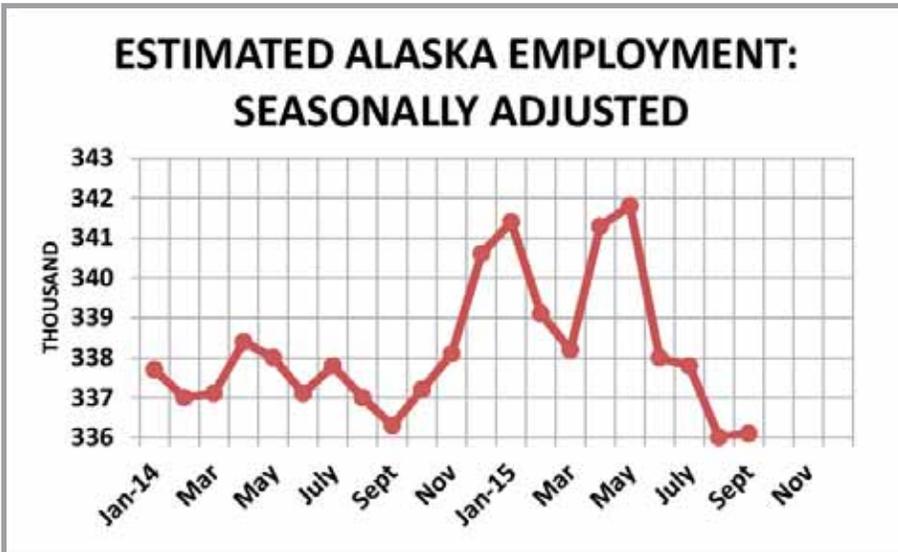


Figure 5

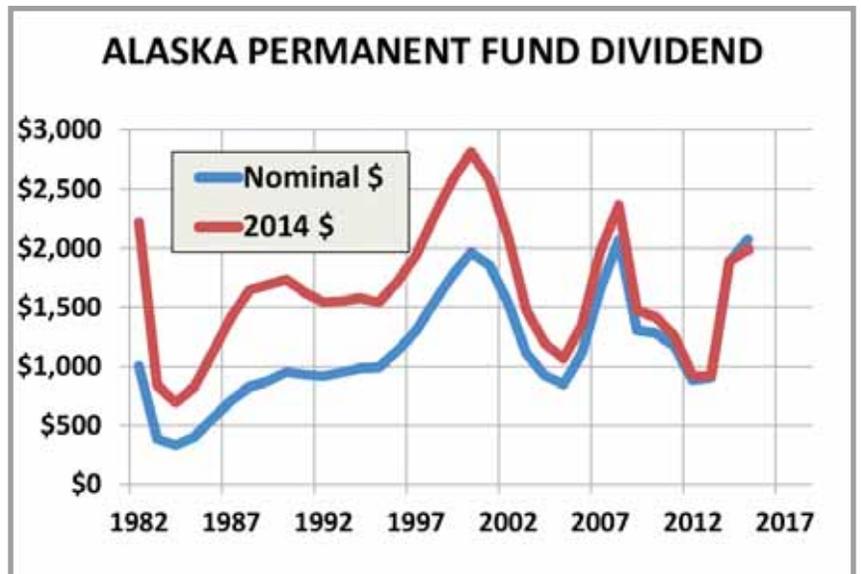


Figure 6

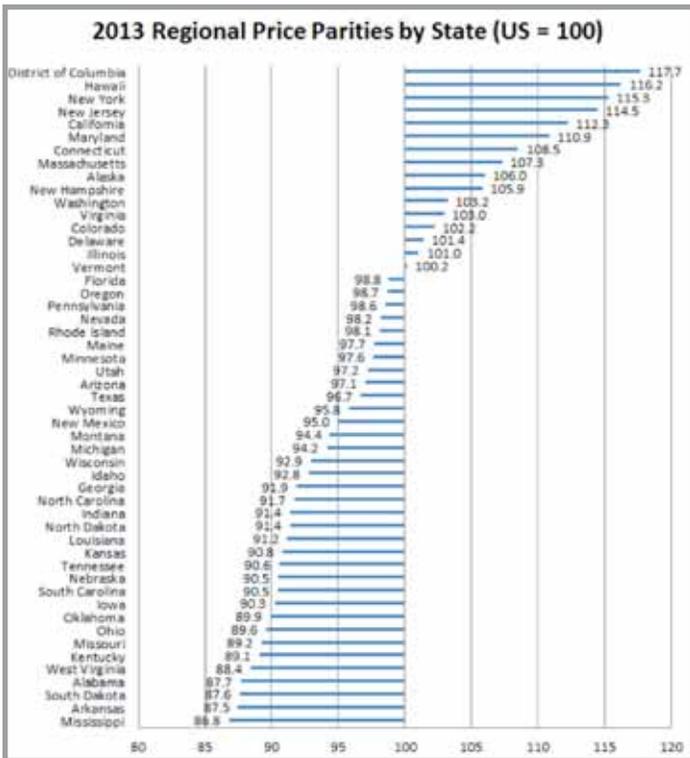


Figure 7

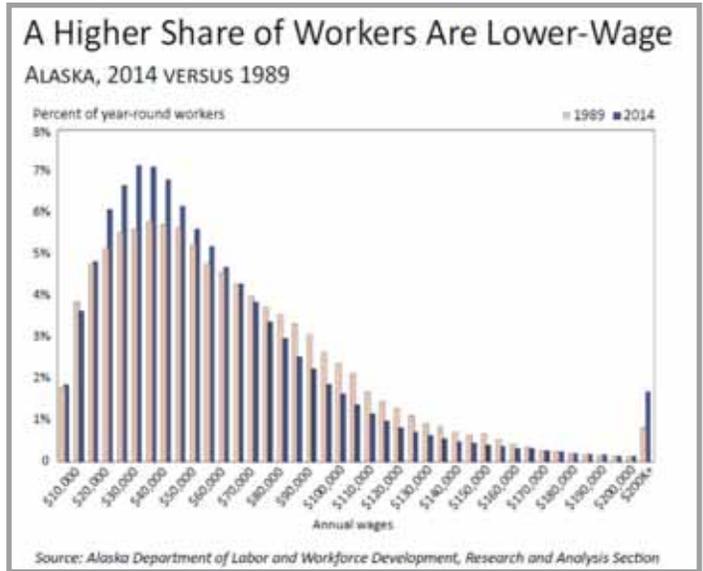


Figure 8

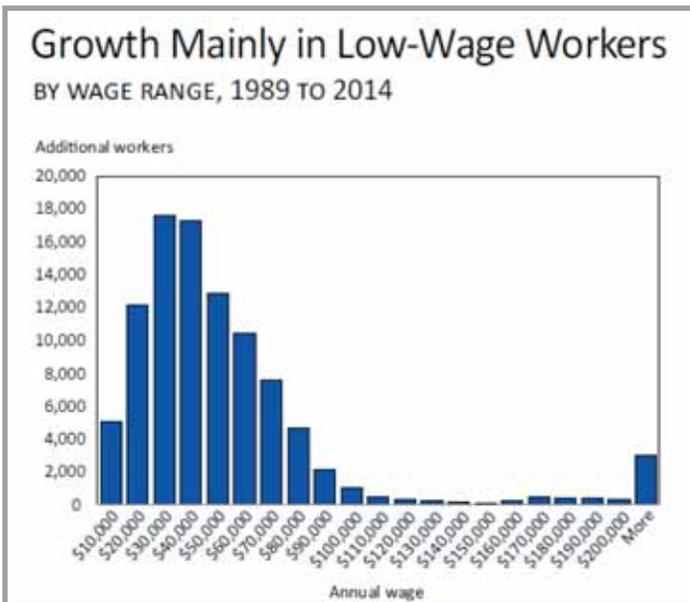


Figure 9

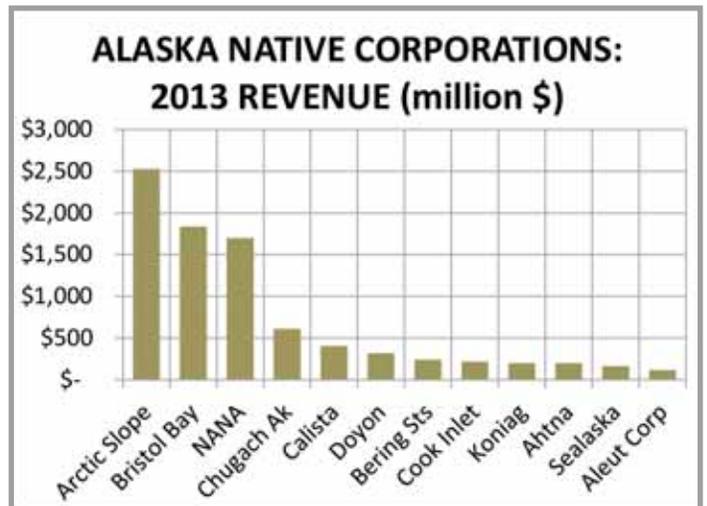


Figure 10