2017 Senate Poll results

You can find the Senate poll results here. Over 7,000 Alaskans shared their thoughts and opinions on issues facing Alaska.

Economists say recession will last three more years, followed by a smaller, poorer Alaska

Charles Wohlfforth: Opinion, Alaska Dispatch News, 1/20/17

A leading Alaska economics firm predicts our recession will continue for three more years and foresees no real recovery, just decline and then a future with a smaller economy.

Jonathan King, vice president of Northern Economics, said he feels like he is riding a down-bound train, able to see hard times for his business a year ahead but unable to do anything about it. We visited to look down the track together and think about what is coming for his and others’ families.

King presented Wednesday to the Senate Labor and Commerce Committee after Mouhcine Guettabi, of the Institute of Social and Economic Research of the University of Alaska Anchorage. The economists’ teams worked independently, using different computer models, but they came to strikingly similar conclusions.

“This is our great recession. By the time this is over, we expect to lose 6 percent of our jobs,” King told the
A recession is unfolding of similar severity to what the nation endured after the 2008 financial crisis, but with a critical difference, King said. The U.S. economy recovered. He expects Alaska’s economy to shrink long term to a smaller base.

The projections show job losses bottoming out in 2018 to 2020, but no bounce-back through 2026. Population predictions are uncertain because they contain more unknowns than job numbers, but Northern Economics projects decline continuing for at least a decade, with net loss of more than 30,000 residents.

Alaska’s gross state product, the total value of all the goods and services we produce, has declined for five years and is down 22 percent due to lower oil prices and production. With that much money subtracted from the economy, it has to shrink, with slower business, fewer jobs and a smaller population.

“[Job losses predicted in new study would rival Alaska’s worst ever]"

“What society looks like changes,” King said. “Mouhcine and I both said that the people who are most likely to leave are young, educated and have a lot of opportunity. The people who remain are people who have family ties, who have cultural ties, or who want the lifestyle and there’s nowhere else they want to go.”

King, at 43, falls in both groups. His business has 14 employees, down two in the last year. His wife, Elizabeth, has a good job and they own a house. They are happy with their children’s public schools.

When the couple came to Alaska in 2003 they passed up opportunities to make more money in the corporate world, because they wanted the quality of life here. But if budget cuts ruin the schools and threaten public safety, the balance
could switch for families like the Kings.

A flat economy offers few opportunities to attract productive people. Bad schools and unsafe streets drive them away.

Added to that, drastic budget cuts like those being discussed in the Alaska Senate would worsen the recession by another 20 percent, according to the modeling. Revenues from an income tax or the Alaska Permanent Fund dividend would hurt less because everyone would lose a little rather than chopping off jobs.

We’re at a branching road for Alaska.

Draconian budget reductions to preserve dividends would buy us a cut-rate Alaska for people who are stuck here and can’t leave. Broad-based taxes and use of the fund would provide community stability we could eventually build upon.

And then there’s the third path, procrastination.

“We’re one tweet away from $100 a barrel oil,” King said. “All it takes is a shooting war in the Middle East and we’re back in business. Which I hate to say.”

Economic modeling starts with assumptions. You cannot include unknown future events. But you also can’t assume all unknown events will break in your favor.

“Stuff will happen. But it could be good stuff or bad stuff. We don’t know yet,” said Tim Bradner, a longtime petroleum analyst and co-publisher of the Alaska Legislative Digest.

Bradner and other observers agree oil prices will probably gravitate to a range of $50 to $60 a barrel for the foreseeable future. Enormous new oil finds last year in the shale of Texas will keep the $60 price as a ceiling, because if it goes much above that mark more oil can rapidly come into production.
Alaska’s oil glory days aren’t coming back. The world has moved on.

Alaska has some new oil finds, but much of that oil is uneconomic below $60 a barrel. Bradner sees new oil being produced over the next 10 years that could, if all goes well, hold back a decline, but not enough to increase the state’s output.

On the downside, King and other economists see the health care sector as a risk. King called Alaska’s overinflated health care industry a bubble that is still growing. It accounts for 15 to 20 percent of the economy and employs more people than any other sector.

Read the rest of the article here.

What’s Happened to the Alaska Economy Since Oil Prices Dropped?

November 9, 2016, ISER: Research Matters No. 101

A combination of declining oil production and low oil prices has left the state budget billions of dollars in the red. But how has that big drop in oil prices affected the Alaska economy so far? Mouhcine Guettabi, an assistant professor of economics at ISER, examines that question in Alaska Snapshot No. 1, the first in a series of short papers that will report on various economic and fiscal issues important to Alaska. In this paper, the author assesses economic changes by looking at changes in numbers of jobs from March 2014
through March 2016, the most recent time for which reliable employment figures are available. Among other things, he found: Alaska lost close to 1% of its wage and salary job—nearly 2,300 jobs—from March 2014 to March 2016. Those losses could reach 2% by the end of 2016. State government and private industry were hardest hit through March 2016, with the state government losing nearly 1,700 jobs and private industry more than 1,500. By contrast, local governments (which include school districts) added nearly 800 jobs during the study period and the number of federal civilian jobs was up about 165. Even though Alaska as a whole lost jobs, some areas of the state and some sectors of the economy added jobs during the study period. The most robust growth was in the Mat-Su Borough, which added 1,100 jobs, and in the health-care sector, which added 1,400 jobs. An estimated one-third of all local government revenues in recent years have been from the state—which raises questions about how vulnerable local governments are, as the state looks for ways to balance its budget. In some areas of the state, as many as half of all jobs are in local government.

Download the full paper (PDF, 752KB). If you have questions, email Mouhcine Guettabi at mguettabi@alaska.edu, or call 907-786-5496.

War and environmental disaster saved Alaska finances in the past: What
will save us this time?

Dermot Cole, Alaska Dispatch News, September 16, 12016

FAIRBANKS—In the two years before the trans-Alaska oil pipeline began pumping in 1977, the state government avoided a distress sale of state assets or a government shutdown by borrowing hundreds of millions from the North Slope oil companies.

The $900 million collected from the giant 1969 lease sale was almost gone and as pipeline construction began, the state faced a financial crisis.

Steve Cowper, a Fairbanks lawyer and freshman legislator in 1975, recounted this chaotic chapter in state history in a presentation here Wednesday morning.

His audience at the Osher Life Long Learning Institute included about 40 people, most of whom have been around long enough to know that the name of the former Alaska governor, who has been in Texas the last 15 years, is pronounced “Cooper.”

Now 78, Cowper has long since gone gray, but he has not lost his North Carolina drawl or his ability to spin a yarn. I knew that when he started talking about how he had almost become an oil and gas adviser to Somalia some years back and was told, “We’re going to fly you guys over to the Mogadishu airport and you’re going to jump out in parachutes."

He never made that leap, but 30 years ago he was elected governor on his second try, claiming to be the oldest rugby player in Alaska. An Anchorage Daily News story by Hal Spencer in early 1986 set the stage for how he was portrayed: “Steve Cowper’s fellow state legislators nicknamed him the High Plains Drifter after a Clint Eastwood character — a loner whose strong, silent ways carried a hint of danger.”
I did see him kick a trash can once like a soccer ball as a legislator, and there is a famous story about how he tossed a telephone out a state Capitol window in frustration, but Cowper always settled down fast after volcanic episodes, and he inspired a dedicated following during those difficult years of the first big oil collapse.

A former boss, the late Attorney General Edgar Paul Boyko, once said with Cowper’s penchant for always trying the unexpected, he never knew whether Cowper was about to “take a year off to enter a monastery in Tibet or be a war correspondent in Vietnam.”

In 1974, Cowper followed through on a threat to run for the Legislature. He said Wednesday the four years he spent in the state House were the “most remarkable experience of my life.”

It was a time when pipeline construction overwhelmed every aspect of life in Alaska and two things — the disappearance of the $900 million windfall and the need to borrow money to run state government — helped ensure the creation of the Alaska Permanent Fund.

There is truth in the proverb, “Success has many fathers and failure is an orphan.”

Continue reading.

Here’s what has the Alaska Capitol gridlocked

Austin Baird, Political, Rural Reporter, KTUU, April 19, 2016. See full article and video here.
JUNEAU — Ninety-two days have passed since the regular legislative session started, and still there is no end in sight. Here’s what is behind the gridlock:

– According to Department of Revenue forecasts, the state is projected to pay small oil companies $775 million during fiscal year 2017 while taking in $1 billion in petroleum revenue. Policymakers generally agree that ratio is unsustainable and that changes are needed this year, but there is no consensus over what exactly should change.

– House Bill 247 is Gov. Bill Walker’s oil and gas tax credit reform proposal, an overhaul projected to put the state $500 million closer to a balanced budget in fiscal year 2017, if adopted exactly as the governor recommends. Most of that comes from immediately reducing credits given to companies that develop Cook Inlet and North Slope resources, and $100 million would be generated by increasing production taxes from 4 percent to 5 percent. Some of the credits attempt to spur new development, and others let companies write off operating losses.

– House Republicans heavily amended the bill leading to it being scheduled for floor sessions four days in a row last week, before it was finally pulled from the calendar and sent back to the rules committee when it became obvious there were not the 21 votes needed to pass the bill. House Speaker Mike Chenault, R-Nikiski, offered this candid analysis at that moment: “I think it would have been an almost unanimous vote to fail that bill,” he said. There is wide disagreement in the House over what needs to change, with some saying the system needs to basically stay intact and others calling for a full overhaul. Specific policies being contested include the proposed production tax increase, whether or not a “hard floor” should be enacted so all companies pay at least some taxes, and if changes should take effect immediately or gradually over the next few years.
While the House Democratic minority caucus is badly outnumbered by the Republican majority — 13 to 27 — Democrats have leverage over oil and gas tax credits because it requires a three-quarter vote to draw from the Constitutional Budget Reserve, a state savings account that will likely be needed to pay for government services as the state faces a $4.1 billion budget deficit, and to get a plan to use Permanent Fund earnings to pay for government off the ground.

The governor introduced several tax proposals as pieces of a broader solution to the fiscal crisis, but lawmakers are unlikely to seriously consider taxes that fall far short of solving the state’s financial woes unless broader changes are made first.

That means all other key policy proposals are likely on hold until there is a resolution to disagreement over oil and gas tax credit reform: finalization of the capital and operating budgets, plans to use Permanent Fund earnings to pay for government, and proposed taxes that would collect revenue from individuals and an array of industries.

The House Rules Committee scheduled a Wednesday hearing, but the committee chair, Rep. Craig Johnson, R-Anchorage, said Tuesday evening that it is simply a placeholder and that lawmakers are still working to find a viable committee substitute to the bill that was pulled from the floor.

While voters approved a 90-day regular lawmaking session in 2006, the state Constitution still allows a 121 day session plus a 10-day extension, if needed. The governor or Legislature can call special sessions in 30-day increments beyond that, so there is no true limit on how long policymakers battle over the response to the fiscal crisis. However, the Capitol can only be occupied until May 2 when a renovation effort picks up in full, so the discussion would need to move somewhere else if there is no resolution before then. Budgets must be finalized before the fiscal year ends.
June 30 in order to avoid a government shutdown.

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**Budgetary activism in solving Alaska’s fiscal woes**

Alaskans are getting involved in the state budget process in big and small ways. Talk of Alaska on Alaska Public Media explored this activism with representatives of three groups who are offering ideas for how they want state leaders to handle the fiscal crisis. March 29, 2016.

**HOST:** Lori Townsend

**GUESTS:**

- Helvi Sandvik, [Alaska’s Future](#)
- Drew Cason, [Our Alaska](#)
- Diane Kaplan, [Plan4Alaska](#)
- Statewide callers

[Listen to the podcast here.](#)

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**Alaska at Stake: KTUU hosts a town hall meeting**

KTUU asked viewers to share their questions about the fiscal crisis facing our state, and posed some of those queries to a panel of experts during this special one-hour event Wednesday,
March 30th in downtown Anchorage.

60 years ago this week, a group of citizens created the Alaska we know today


Vic Fischer’s wife convinced him that as a young man, a recent immigrant and a newcomer to politics, he needed to campaign for election by going door to door, an idea that made him quite uncomfortable.

Screwing up his courage, Fischer drove from Anchorage to the Matanuska Valley, a part of his district where he might have weak support. He walked up to a house, but chickened out and didn’t knock. At the next door, a woman came out who didn’t know there was an election. She listened politely.

Then Fischer got back in the car and drove home to Anchorage.

Fortunately, it was enough. Fischer was elected as a delegate to the Alaska Constitutional Convention.

Sixty years ago today, the convention was wrapping up in Fairbanks. The anniversary of the signing will be Friday.

Read the rest of the article here.
Four-way face-off say who wins and loses in the tax and dividend fight


Any Alaska budget solution will hurt or protect people in four main groups. In any fair solution, all four have to sacrifice.

The state’s budget math doesn’t work without capping dividends and using Permanent Fund earnings. But we also need an income tax, budget cuts and repeal of oil tax credits. There is no fair solution without a hit to people with each of these interests.

Where you fit in the four-way tug-of-war depends on how much money you make, how old you are, how many kids you have and what industry you work in.

The guy who explained this situation most clearly to me is the only one I’ve met who seems able to rise completely above it. Cliff Groh, a lawyer who attended Harvard, has been studying Alaska’s fiscal and economic situation for decades as a hobby. He gives lectures and has helped put on more than a dozen public forums on the subject. Since May, he has done nothing else, without pay.

He calls the four-way fight the “Groh Square.” That name is his nerdy attempt to wring humor out of this dry stuff. He also sometimes lectures in an Abraham Lincoln costume.

But he refuses to give his own opinion. As the chairman of Alaska Common Ground, a small nonprofit dedicated to educating Alaskans about policy choices, Groh speaks only in favor of knowledge.

“What I often call for is for people to actually understand
what the choices and trade-offs are, rather than having them assumed," he said.

In Alaska, this is revolutionary talk. We’re in the habit of making decisions based on slogans. Groh is asking us to think.

Read the rest of the article here.

As scientists worry about climate change, US public doesn’t

By SETH BORENSTEIN
Nov. 3, 2015 WASHINGTON (AP) — Americans are hot but not too bothered by global warming.
Most Americans know the climate is changing, but they say they are just not that worried about it, according to a new poll by The Associated Press-NORC Center for Public Affairs Research. And that is keeping the American public from demanding and getting the changes that are necessary to prevent global warming from reaching a crisis, according to climate and social scientists.

As top-level international negotiations to try to limit greenhouse gas emissions start later this month in Paris, the AP-NORC poll taken in mid-October shows about two out of three Americans accept global warming and the vast majority of those say human activities are at least part of the cause.

However, fewer than one in four Americans are extremely or very worried about it, according the poll of 1,058 people. About one out of three Americans are moderately worried and the highest percentage of those polled — 38 percent — were not
too worried or not at all worried.

Despite high profile preaching by Pope Francis, only 36 percent of Americans see global warming as a moral issue and only a quarter of those asked see it as a fairness issue, according to the poll which has a margin of error of plus or minus 3.7 percentage points.

“The big deal is that climate has not been a voting issue of the American population,” said Dana Fisher, director of the Program for Society and the Environment at the University of Maryland. “If the American population were left to lead on the issue of climate, it’s just not going to happen.”

Linda Gebel, a 64-year-old retired bookkeeper who lives north of Minneapolis, has read up on global warming.

“Everybody’s life would be totally disrupted,” Gebel said. “It will cause famines and wars, huge problems. I don’t know why people wouldn’t be worried about it.”

And yet because she lives in the middle of the country — joking that she’ll be “the last one who will be submerged” — Gebel added she doesn’t “feel worried personally. I’m not sure this is going to happen in my lifetime, but I worry about my children. I worry about my grandchildren.”

The “lukewarm” feeling and lack of worry has been consistent in polling over the years, even as temperatures have risen, said Anthony Leiserowitz, director of the Yale Program on Climate Change Communication.

“The issue hasn’t quite boiled up enough so that people have put it on the top of things they want to focus on,” Princeton University climate scientist Michael Oppenheimer said.

One issue is how big, yet distant the problem seems and how abstract it can be, Fisher said. It can cause people to put off worrying about it.
Renata Schram, a 43-year-old customer service representative in Sturgis, Michigan, says she believes global warming is real and is mostly caused by people, but she is only moderately worried.

“On my list of things that worry me today, global warming is kind of low,” she said. The world’s violence is a far more pressing issue, she says.

“Usually when we hear about global warming everything seems so distant,” she said. “The sea levels are going to rise but I find it difficult to find a prediction that tells you how many years exactly.”

White House science adviser John Holdren said climate contrarians emphasize how large the problem is, essentially telling people “the result (of warming) is too scary, so let’s not believe it.” He said these groups have been “incredibly effective in sowing doubt” about global warming.

For his part, Myron Ebell, a policy expert at the conservative American Enterprise Institute, said the elites on the coast may be concerned about global warming but people in the heartland who dig stuff up, grow stuff or make stuff are used to the vagaries of extreme weather. “They don’t see it as much of a problem” because it isn’t, he said.

Not so, said scientists.

“We are all vulnerable to the impacts,” climate scientist Chris Field of the Carnegie Institution said. “If you are a farmer in Illinois or if you work on a railroad in Alabama or are a miner in West Virginia, there are impacts that are going to affect your life, your health and what you’re going to pay for things in the grocery store.”

Scientists, however, aren’t communicating their worries well, figuring that issuing more reports and data will convince people, said climate scientist Katherine Hayhoe of Texas Tech,
who reaches out to the evangelical Christian community. Success lies in finding common ground in humanity, she said.

“More facts are not going to fix the problem,” Hayhoe told a meeting of top climate scientists last week in Washington. “Nearly every human on the planet has the values they need to care about climate change. We just need to connect the dots.”

Read the article here.