

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

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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.