A Very Brief Introduction to Alaska’s Economy

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An mp3 audio recording of this presentation is posted at:
http://www.iser.uaa.alaska.edu/Publications/av/2013_06_14-VeryBriefIntroductionToTheAlaskaEconomy.mp3
Alaska is huge—at 375 million acres, it's one-fifth the size of all the other states combined.

Mountains, glaciers, and other obstacles make it very expensive to build roads in much of the state.

Hundreds of small communities on coasts and rivers that freeze in the winter get seasonal fuel deliveries by barge but otherwise depend on airplanes to carry people and deliver most consumer goods. Areas without seasonal ice get fuel deliveries year-round, and more goods arrive by barge.

The state ferry system serves coastal communities from Southeast to the Aleutians.

Alaska is a major oil producer, with an 800-mile pipeline carrying North Slope oil south across Alaska to the port of Valdez.

The Alaska Railroad runs from Seward on the Kenai Peninsula to Fairbanks in the Interior, mostly hauling freight but also carrying passengers, especially summer tourists.

Road distance from Alaska border to Lower 48 border is 2,000 miles. Most people come and go by air.

Anchorage is a world air cargo hub.

Most freight for in-state use comes in by water, and except for air cargo that passes through Anchorage's airport en route to other places, most freight also leaves Alaska by water.

The Aleutian Islands extend west more than 1,000 miles.
Ice cover,
February 15, 2013
Alaska Land Ownership

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal government</td>
<td>59%</td>
</tr>
<tr>
<td>State government</td>
<td>28%</td>
</tr>
<tr>
<td>Native corporations</td>
<td>12%</td>
</tr>
<tr>
<td>Other owners</td>
<td>1%</td>
</tr>
</tbody>
</table>

Source: ISER, based on maps prepared by Alaska Department of Natural Resources.
Federal land withdrawals

Source: ISER, based on maps prepared by Alaska Department of Natural Resources
What Generates Jobs for Alaska Residents\textsuperscript{a}?

(Annual Average Number of Jobs for Residents, 2004–2006: 357,000)

- Petroleum sector: 31% of jobs, 110,000 jobs
- Federal government: 35% of jobs, 125,000 jobs
- All other basic sectors\textsuperscript{b}: 34% of jobs, 122,000 jobs

\textsuperscript{a}Excludes jobs held by non-residents. \textsuperscript{b}Seafood, tourism, mining, timber, international air cargo, and personal assets from outside Alaska (primarily federal retirement benefits).

Alaska North Slope oil production peaked in 1988 and has since declined dramatically. Slowing or reversing this decline is an urgent state priority.
REMOTE RURAL ALASKA
- 395,000 square miles
- 150 communities
- 60,500 residents
- 78% Alaska Native

### Per Capita Personal Income, Remote Rural Census Areas, 2005

<table>
<thead>
<tr>
<th>Area</th>
<th>Per Capita Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>North Slope Borough</td>
<td>$42,209</td>
</tr>
<tr>
<td><strong>Alaska</strong></td>
<td></td>
</tr>
<tr>
<td>Dillingham census area</td>
<td>$29,775</td>
</tr>
<tr>
<td>Nome census area</td>
<td>$26,500</td>
</tr>
<tr>
<td>Northwest Arctic Borough</td>
<td>$26,339</td>
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<tr>
<td>Lake and Peninsula Borough</td>
<td>$26,027</td>
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<tr>
<td>Yukon-Koyukuk census area</td>
<td>$25,674</td>
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<tr>
<td>Bethel census area</td>
<td>$24,054</td>
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<tr>
<td>Wade Hampton census area</td>
<td>$16,012</td>
</tr>
</tbody>
</table>

**Source:** Bureau of Economic Analysis
Share of Alaska School Children (Ages 5-17) in Families Receiving Public Assistance* (Among 53 School Districts, 2010-2011 School Year)

*Includes those whose families received Temporary Assistance, Medicaid, or SNAP (food stamps)

Source: Alaska Department of Education and Early Development
Alaska’s Remote Rural Economy: What Makes It Different?

Government directly accounts for most personal income . . .
(Based on 2005 income)

Many households depend on jobs and subsistence
(Inupiat households, Northern Alaska)

Alaska’s economic future is directly linked to U.S. Arctic policy

• Infrastructure development
  – Ports, Roads, Airports
• Oil and gas development
  – Onshore federal lands
  – Offshore
• Other resource development
  – Transportation across federal lands
  – Resource policies on federal lands
  – Environmental policies
• Arctic transportation
  – Arctic Sea Route
  – Tourism
  – Coast Guard presence
• Military bases & spending
• Federal fisheries management
• Rural Alaska programs (health, sanitation, economic development)