

ALASKA

Alaska has capitalized on the traditional engines of its economy, including logging, mining, oil and gas exploration, and seafood, to maintain and grow the state's economy during rough national economic times. The state is working to expand critical infrastructure to support its natural resource-based industries. These efforts have paid dividends; the state currently ranks second nationally in job growth from 2009 to 2011.

Spending Discipline and a Strong Economy

Alaska has worked diligently to create a climate for investment and economic growth. In an effort to boost private sector jobs and economic development, Governor Parnell introduced legislation to provide Alaskans with tax relief for individuals, invest in new energy opportunities, and create incentives for companies that invest in job creation, workforce development, and construction of critical infrastructure. The focus of the state's ongoing efforts has been on keeping taxes low, expanding access to energy resources, and initiating development efforts around undeveloped resources and regions.

State efforts to expand new energy opportunities with focused infrastructure investments mirror the Alaskan Chamber of Commerce's priorities, which call for review and reform of oil tax policies to encourage new oil production, concise and predictable permitting, and the creation of an Alaska Transportation Infrastructure Fund that will invest in Alaska's economy and mobility. These priorities are intended to encourage more investment in new oil production and foster economic vitality throughout the state.

Nearly 60 percent of the state's FY2012 budget goes to communities, organizations, and individuals through grants, contracts, and capital spending, much of which ends up in the private sector. Over 21 percent of the budget is devoted to goods and services, contracts, equipment and travel, some going to the private sector, with the remaining 20 percent paying for state employees' salaries and benefits.

Besides a balanced budget, Alaska has almost \$12 billion in savings, excluding the Permanent Fund. That is essentially enough for two years of state funding for operating and capital budgets, should anything catastrophic happen to oil markets or the state's ability to transport

Alaska's Place in the Rankings

1st	Budget Gap
1st	State and Local Tax Burden
2nd	Business Tax Climate
2nd	Short-term Job Growth
2nd	Economic Output Per Job
3rd	Long-term Job Growth
3rd	Small Business Lending
3rd	High Speed Broadband Intensity
5th	Academic R&D Intensity
5th	College Affordability
6th	Gross State Product Growth
6th	STEM Job Growth
8th	Productivity Growth
10th	Per Capita Income Growth
12th	Job Placement Efficiency
13th	STEM Job Concentration
15th	Small Business Survival Index
24th	Business Birth Rate

oil to market. Strong spending discipline and willingness to invest is helping to secure Alaska's future, as reflected in the state's upgraded AAA bond rating. The financial community recognizes Alaska's sound financial footing, and the AAA rating lowers the cost of debt for the state.

Investing in Energy, Infrastructure and Knowledge

To enhance its ability to capitalize on its extensive natural resources, the state has embarked on a significant infrastructure development program called **Roads to Resources**. In 2010, Alaska funded more than 300 infrastructure projects that directly employed its citizens while supporting industry growth. The Roads to Resources Initiative increases access for communities and continued responsible development of the state's fish, timber, mineral, and petroleum reserves.

The goals of this infrastructure program include road construction, permitting and environmental work along a 90-mile transportation and pipeline corridor aimed at increasing access to gas and high-quality oil reserves. The budget also includes about \$175 million to continue efforts to develop Alaska's natural gas resources, including the Alaska Natural Gas Pipeline project and the in-state gas line project team.

Through the **Alaska Performance Scholarship** program, the state has placed a priority on providing transformational education to all students by helping to prepare them for post-secondary education and good jobs within the state. Every student willing to accept the challenge of a more rigorous curriculum can earn these scholarships. The program's goal in the next three years is to provide these opportunities for up to 30,000 Alaska high school students. As part of this program, the state has renovated entire schools and added gyms, classrooms, and space for vocational education all across the state.

The Economy

Alaska is one of two states that have added private sector jobs over the past year, and its unemployment rate stands almost a full point-and-a-half better than the national average. This stability is supported by the state's balanced budget, tax cuts and the decision to pay off debt that once exceeded \$5 billion.

Nine features comprise Alaska's economic growth and well-being strategy:

- Individual tax relief with a two-year suspension of the motor fuel tax.
- Energy initiatives including in-state gas and commercialization of North Slope natural gas.
- Increased oil production and job growth with tax incentives for oil and gas exploration and production.
- Increasing the number of visitors to the state with critical investment in Alaska's tourism industry.

- Creation of private sector jobs by building roads to natural resources.
- New construction, including a Public Safety Crime Lab and University Life Sciences Research Facility.
- Promoting business development with a micro-loan program for small businesses.
- The Alaska Performance Scholarships intended to position the state's economy for workforce growth.

These initiatives and the state's focus on its strengths in the productive economy have already paid dividends with the state ranking sixth in science, technology, engineering and math (STEM) job growth and fourth in growth of middle-skill jobs over the past decade.

Alaska is also considering funding a strategic assessment to determine what steps are needed to capitalize on the state's vast storehouse of resource wealth. The state has huge reserves of oil and gas: at least 43 billion barrels of oil and 250 trillion cubic feet of natural gas have yet to be developed. In addition, there are rich deposits of minerals on more than 40 million acres of state lands. New opportunities include rare-earth minerals that are of increasing importance in the world economy. These rare-earth elements are used in almost every piece of electronic equipment including flat screen TVs, iPods, cell phones, aircraft radar systems, and more. The state is poised, once again, to help meet America's resource needs.

Clusters in Alaska

Largest Cluster: Energy (Fossil & Renewable), 36,539 jobs

Largest Growth Cluster: Energy (Fossil & Renewable), 8,265 new jobs since 2002

Most Competitive Cluster: Energy (Fossil & Renewable), 5,581 new or retained jobs due to state competitive advantage

Most Concentrated Cluster: Mining, 3.79 times the national concentration level