McDowell Group’s assignment...

- Assess the statewide and local impacts of oil and gas industry spending
  - Municipality of Anchorage
  - Fairbanks North Star Borough
  - Kenai Peninsula Borough
  - Mat-Su Borough
  - North Slope Borough
  - City of Valdez

- Assess statewide employment impacts of taxes and royalties paid by the oil and gas industry
What we did...

- Tracked direct spending by the 14 “Primary Companies”

- Measured direct, indirect, and induced jobs and wages
What we also did...

- Tracked tax and royalty payments made by the oil and gas industry, and employment and wage impacts:
  - State agency (Operating Budget)
  - State programs
  - Capital projects
  - Permanent Fund Dividend
  - Local government operations
How money flows through our economy...

Oil and gas production companies, pipelines, and refineries
(14 Primary Companies)

Spending with Alaska Businesses
- Indirect Employment and Payroll

Employment and Payroll in Alaska
- Induced Employment and Payroll

Taxes and Royalties
- Local Government
  - Wages, Capital Projects, Programs
- State Government
  - Wages, Capital Projects, Programs
Key Statewide Findings
In 2016, Primary Companies ... 

• Employed 5,033 workers in Alaska
  • 4,275 AK residents earning $749 million in wages
• Spent $4.6 billion with ~1,000 Alaska vendors
  • $1 million in spending for each Primary Company job
• Generated multiplier effects totaling 41,300 jobs and $2.4 billion in wages
• In total, 45,575 jobs and $3.1 billion in wages
In 2016, Primary Companies also...

- Paid $2.1 billion in taxes & royalties
- $1.6 billion in taxes & royalties (price $43/barrel)
  - 3-year average: $3.2 billion ($64/barrel)
  - 5-year average: $5.4 billion ($82/barrel)
- $447 million in oil & gas property taxes to local governments
State and Local Government Impacts

- State agency ops: 19,500 jobs
- State programs: 19,600 jobs
- Capital spending: 10,400 jobs
- PFD distribution: 4,200 jobs
- Local government ops and projects: 4,600 jobs
- Total: 58,300 jobs and $2.9 billion in wages
Primary Companies spending and public sector spending accounted for...

- **103,875 total jobs**, 32% of all wage and salary jobs in Alaska
- **$6.0 billion** in wages, 35% of all Alaska wages

Compared to...

- **Seafood**: 60,000 jobs/$2.1b in labor income
- **Visitor industry**: 40,000 jobs/$1.4b in labor income
- **Mining**: 9,000 jobs/$700m in labor income
Employment impacts, in summary...

4,275 Primary Company Resident Jobs

+ 6,095 Oil & Gas Support Services Resident Jobs

+ 35,205 Other Indirect and Induced Jobs

+ 58,300 Jobs Related to Oil and Gas Taxes and Royalties

= 103,875 Total Jobs
Employment multipliers…near-term

• Primary Co. jobs $\times 9 = \text{Total “private” Impact}$
  $\bullet 5,033 \times 9 = 45,575$

• Primary Co. plus oil field services jobs $\times 4 = \text{Total “private” Impact}$
  $\bullet 11,000 \times 4.1 = 45,575$
Employment multipliers…*long-term*

• Primary Co. jobs $\times$ **20** = Total “private” and public impact
  
  • $5,033 \times 20.6 = 103,875$
Key Local Impact Findings

• *Private sector spending only; excludes state taxes and royalty-related impacts*

• *Base: 45,575 jobs*
Local Employment and Wages Impacts...

**Anchorage**
- 28,340 jobs and $1.9 billion in wages
- 15% of total jobs and 16% of total wages

**Fairbanks North Star Borough**
- 2,960 jobs and $208 million in wages
- 13% of all private sector jobs and wages

*Includes private sector spending impacts only; excludes jobs related to taxes and royalties paid to state government*
Local Employment and Wages Impacts...

**Kenai Peninsula Borough**
- 5,045 jobs and $400 million in wages
- 20% of total jobs and 25% of total wages
- 6 of top 10 KPB property tax payers are oil & gas companies

**Mat-Su Borough**
- 3,270 jobs oil & gas industry jobs held by Mat-Su residents earning $287 million in wages
- 8% of total Mat-Su resident jobs and wages

*Includes private sector spending impacts only; excludes jobs related to taxes and royalties paid to state government.*
Local Employment and Wages Impacts...

**North Slope Borough**
- 1,845 jobs and $105 million in wages for NSB residents
- 97% ($373 million) of all NSB property tax revenue

**Valdez**
- 680 jobs and $71 million in wages
- 88% ($43 million) of all Valdez property tax revenue
In Summary
The Big Takeaways...

• This study measured 103,875 oil and gas industry-related jobs and $6.0 billion in wages in 2016

• 32% of all wage and salary jobs and 35% of all wages in Alaska can be attributed to the oil and gas industry
Want to know more?

Watch the AOGA website for the report at:

www.aoga.org