

# SOUTHEAST ALASKA by the Numbers 2018



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SEPTEMBER 2018

CHANGES 2014 TO 2017

SOUTHEAST ALASKA'S ECONOMY



**REGIONAL POPULATION**  
DECREASED BY **1,600**  
**PEOPLE TO 72,915**  
-2%



**LABOR FORCE**  
DECREASED BY **54**  
**JOBS TO 45,640 JOBS**  
-0.1%



**STATE GOVERNMENT**  
JOBS DECREASED BY  
**700 JOBS TO 4,823**  
-12%



**PASSENGER ARRIVALS**  
FROM OUTSIDE THE  
REGION INCREASED BY  
**+13%** 173,000  
PEOPLE



**HEALTH CARE WAGES**  
IN THE REGION  
INCREASED BY **\$22**  
**MILLION A GAIN OF**  
**13%**

Southeast Alaska has been experiencing rough economic times, but there are bright points in the region. While the state sector has struggled, we have seen sustained growth in the tourism industry, and there are indications the economy is beginning to stabilize.

Dramatic cuts reduced state sector employment in the region by 15% since 2012, a loss of 850 jobs, and an estimated \$50 million in lost annual wages. By comparison, the rest of the state experienced a 7.5% decline in state jobs during the same period. State spending cuts have curtailed growth in other industries, especially construction.

The regional population declined for the third year in a row, by a combined 1,600 people. About half the population loss consisted of children and 20-somethings leaving Juneau, the community most impacted by cuts in state employment.

The seafood industry has been struggling. A poor 2016 harvest led to the loss of 500 jobs; and while the 2017 harvest was on par with 10-year averages, neither the jobs nor the Chinook returned. Chinook harvest levels are the lowest on record. Additionally, the fishing industry is facing the potential impacts of the president's seafood tariffs.

The ferry system continues to face significant cuts, reducing ridership by 20% in the last

three years, and bringing 35% fewer visitors to the region. Layoffs were announced at the Ketchikan shipyard, and Ocean Beauty is permanently closing its Petersburg cannery. Just under half of regional business leaders called the Southeast business climate "poor" or "very poor" in 2018, up from 29% in 2015.

But not all indicators are bad. There were 380 more jobs in 2017 than in 2016, and we are less than 400 jobs below peak employment levels of 2013. This is almost entirely thanks to massive growth in tourism – specifically cruise ship tourism. Between 2010 and 2019, cruise passenger numbers are projected to increase by 55%, with 1.36 million cruise visitors expected to sightsee here in 2019. Jobs in the visitor industry increased by nearly 2,000 year-round equivalent workers since 2010, and visitors to Southeast spent \$657 million here last year.

Jobs are poised to expand in health-related fields. Mining and tribal government employment grew last year. Oil prices are improving, and there is hope that this, combined with a permanent fund restructure, will stabilize the government sector.

Looking forward, Southeast Alaskans remain optimistic about the future, with two-thirds of Southeast Alaska business leaders expecting their prospects to be positive or to improve in 2019.

# A Message from Southeast Conference

## Incoming President Dennis Watson



*Dennis Watson served as Craig Mayor for 26 years, he was Chairman of the Statewide Conference of Mayors, he served as the president of the Southeast Conference of Mayors several times, was a commercial salmon fisherman for 40 years, and is currently the General Manager of the Inter-Island Ferry Authority.*

My first Southeast Conference meeting was in 1979. I remember

Southeast Conference feeling a bit overwhelming in the beginning because there were so many issues in the region that I was not familiar with, and they were complex. I was very young and ruffled a lot of feathers back then. I stormed out of a meeting early on, only to have the person I was upset at chase me down. He said, "Are you going to call me a name and stomp off, or are you going to have a beer with me?" I've never forgotten that. Because we can disagree, but at the end of the day it's far more productive if we sit down and work through these difficult issues than to leave them hanging. That's what Southeast Conference is all about – diverse people coming together for the sake of our region. After nearly 40 years of involvement in the organization it is my turn to serve as president of Southeast Conference.

I'm really happy with the course that Southeast Conference is taking. It's working really well right now, we have really good mechanisms in place, and I want to stay on the track we are on. We have legacy issues we have always supported. The ferry system has always been the heart of Southeast Conference. We also have areas that are new to Southeast Conference, such as mariculture, which has great potential and is a great fit for our region. Once the mariculture movement comes to fruition it will go a long ways toward smoothing out the seasonal nature and cyclical economic swings associated with so many Southeast Alaska communities. Southeast Conference is growing, but at the same time we can't take on too many issues and still be effective. We need to remain open-minded, but not get ourselves in the position where we have too much on our plate. I am one of the old grey beards now, and I am glad to see that there are young people coming into Southeast Conference. It's the direction that Southeast Conference is moving, and I hope even more young people will become involved.

## Executive Director Robert Venables



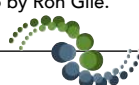
What a year! Southeast Conference and its members have not been deterred by the challenges of tough economic times. We have seen major steps forward in the past year. The christening of Alaska's first ever locally-constructed ferry was a major milestone for Southeast. We've seen a big step up in tourism visitations with more increases on the way. The regulatory regime in Washington D.C. seems to be turning the corner with more of a willingness to receive input from the citizens who work in and on these federal lands. The introduction of HB 412 was a major milestone for the AMHS Reform initiative.

But in spite of the good news, the grim realities remain that the state and region are still beset by fiscal uncertainty, population numbers are still declining, regulations continually complicate due process, and there is still much work to be done. And where we've seen success in sectors like tourism, we must remain vigilant to nurture those gains and build on the progress. And there is much work to be completed in transforming AMHS into a reliable entity again. Our challenge is to bolster the weak economic sectors while sustaining and nurturing the successful and promising economic engines.

So this year we continue to "Navigate the Southeast economy". That's been our goal since 1958 when our first board gathered and advocated for the creation of the Alaska Marine Highway System. Our partnership with Central Council brings a wide array of resources to ensure the greatest support possible is available to communities and businesses in the region. With our collective efforts to partner and plan strategically, we have already laid the foundation to support and strengthen the capacities that can lead to an economic rebound as part of our regional planning efforts. Our annual meetings allow our regional stakeholders an opportunity to gather information, network, and collaborate toward success. Our members and partners are the strength of Southeast Conference – and the reason for our successes, past, present and future. Together we set the stage for future generations to live work and play in healthy communities in Southeast Alaska!

The mission of Southeast Conference is to **undertake and support activities that promote strong economies, healthy communities and a quality environment in Southeast Alaska**. As the state and federally designated regional economic development organization, Southeast Conference serves as the collective voice for advancing the region's economy. We have 200 member organizations representing 1,200 people from 32 regional communities. We started 60 years ago with a group of people supporting the establishment of a regional transportation system, leading to the formation of the Alaska Marine Highway System. Our members stayed together through more than a half-century to focus on concerns unique to the region.

**Credit:** Front cover photo of Elfin Cove by Bo Ryan Photography. Back cover photo by Ron Gile.



# THREE YEARS OF CHANGE: 2014 to 2017

Table tracks key Southeast indicators over the past 3 years, along with associated changes.

| DEMOGRAPHICS   | 2014            | 2017            | % CHANGE<br>2014-2017 | CHANGE<br>2014-2017 |
|--|-----------------|-----------------|-----------------------|---------------------|
| Population <sup>1</sup>  | 74,518          | 72,915          | -2%                   | -1,603              |
| Ages 65 and older <sup>2</sup>   | 9,243           | 10,579          | 14%                   | 1,332               |
| Under Age Five <sup>2</sup>  | 4,622           | 4,227           | -8%                   | -389                |
| Twenty somethings <sup>2</sup>   | 9,398           | 8,640           | -8%                   | -767                |
| K-12 School District Enrollment <sup>3</sup>                             | 11,804          | 11,480          | -1%                   | -159                |
| GENERAL ECONOMIC CONDITIONS  |                 |                 |                       |                     |
| Total Labor Force (jobs, includes self-employed & USCG) <sup>1,5,6</sup> | 45,694          | 45,640          | -0.1%                 | -54                 |
| Total Job Earnings <sup>1,5,6</sup>                                      | \$2.174 billion | \$2.196 billion | 1%                    | \$21.8 million      |
| Total Private Sector Payroll <sup>1,6</sup>                              | \$1.408 billion | \$1.427 billion | 1%                    | \$18.8 million      |
| Average Annual Wage <sup>1</sup>   | \$47,593        | \$48,113        | 1%                    | \$520               |
| Annual Unemployment Rate <sup>1</sup>                                    | 7.10%           | 6.30%           | -1%                   | -1%                 |
| TOP ECONOMIC SECTORS   |                 |                 |                       |                     |
| GOVERNMENT   |                 |                 |                       |                     |
| PUBLIC SECTOR: 35% OF ALL EMPLOYMENT EARNINGS                            |                 |                 |                       |                     |
| Total Government Employment <sup>1,5</sup>                               | 13,602          | 13,256          | -3%                   | -346                |
| Federal Employment <sup>1,5</sup> (8% of all employment earnings)        | 2,110           | 2,110           | 0%                    | 0                   |
| State Employment <sup>1</sup> (14% of all job earnings)                  | 5,504           | 4,823           | -12%                  | -681                |
| City and Tribal Employment <sup>1</sup> (14% of all job earnings)        | 5,988           | 6,323           | 6%                    | 335                 |
| Total Government Payroll (includes USCG) <sup>1,5</sup>                  | \$765.8 million | \$769.0 million | 0.4%                  | \$3.2 million       |
| Total State of Alaska Payroll  | \$311.3 million | \$286.1 million | -8%                   | -\$25.2 million     |
| VISITOR INDUSTRY   |                 |                 |                       |                     |
| KEY INDUSTRY: 11% OF ALL EMPLOYMENT EARNINGS                             |                 |                 |                       |                     |
| Total Visitor Industry Employment <sup>1,6</sup>                         | 6,923           | 7,739           | 12%                   | 816                 |
| Total Visitor Industry Wages/Earnings <sup>1,6</sup>                     | \$188.5 million | \$231.4 million | 23%                   | 43                  |
| Total Southeast Alaska Passenger Arrivals                                | 1,362,737       | 1,535,755       | 13%                   | 173,018             |
| Cruise Passengers <sup>10</sup>  | 967,500         | 1,089,700       | 13%                   | 122,200             |
| Total Air Passenger Arrivals from Outside SE <sup>11</sup>               | 372,197         | 427,300         | 15%                   | 55,103              |
| Total AMHS Passengers from Outside SE <sup>12</sup>                      | 23,040          | 14,955          | -35%                  | -8,085              |
| COMMERCIAL FISHING & SEAFOOD INDUSTRY                                    |                 |                 |                       |                     |
| KEY INDUSTRY: 10% OF ALL EMPLOYMENT EARNINGS                             |                 |                 |                       |                     |
| Total Seafood Employment (includes fishermen) <sup>1,6</sup>             | 4,372           | 3,829           | -12%                  | -543                |
| Total Seafood Employment Earnings <sup>1,6</sup>                         | \$259.0 million | \$216.5 million | -16%                  | -\$42.5 million     |
| Pounds of Seafood Processed <sup>7</sup>                                 | 232.9 million   | 227.8 million   | -1%                   | -2,621,641          |
| Pounds Landed (commercial seafood pounds by SE residents) <sup>8</sup>   | 300.9 million   | 301.7 million   | 0%                    | 788,852             |
| Estimated Gross Earnings (ex-vessel value of pounds landed) <sup>8</sup> | \$275.7 million | \$288.8 million | 5%                    | 13,103,172          |
| Shared Fish Taxes <sup>13</sup>  | \$5.8 million   | \$3.8 million   | -34%                  | -\$1.96 million     |
| HEALTH CARE INDUSTRY (PUBLIC & PRIVATE HEALTH)                           |                 |                 |                       |                     |
| KEY INDUSTRY: 9% OF ALL EMPLOYMENT EARNINGS                              |                 |                 |                       |                     |
| Health Care Employment <sup>1,6</sup>                                    | 3,323           | 3,426           | 3%                    | 103                 |
| Health Care Wages <sup>1,6</sup>   | \$174.5 million | \$196.7 million | 13%                   | \$22.2 million      |
| MARITIME ECONOMY (Includes employment from all industries)               |                 |                 |                       |                     |
| TOP SECTOR: 27% OF PRIVATE SECTOR EMPLOYMENT EARNINGS                    |                 |                 |                       |                     |
| Private Maritime plus USCG Employment <sup>1,5,6</sup>                   | 6,768           | 6,275           | -7%                   | -493                |
| Private Maritime plus USCG Wages <sup>1,5,6</sup>                        | \$395.5 million | \$369.4 million | -7%                   | -\$26.1 million     |
| OTHER SELECTED STATISTICS  |                 |                 |                       |                     |
| 2014   |                 |                 |                       |                     |
| 2017   |                 |                 |                       |                     |
| % CHANGE   |                 |                 |                       |                     |
| CHANGE   |                 |                 |                       |                     |
| Construction Employment <sup>1,6</sup> (6% all employment earnings)      | 2,168           | 1,932           | -11%                  | -236                |
| Mining Employment <sup>1</sup> (4% of all employment earnings)           | 783             | 886             | 13%                   | 103                 |
| Price of Gold <sup>7</sup>   | \$1,266         | \$1,257         | -1%                   | -\$9.00             |
| Total Southeast AMHS Ridership <sup>12</sup>                             | 242,648         | 193,121         | -20%                  | -49,527             |
| Cost of Living: Consumer Price Index <sup>1</sup>                        | 215.805         | 218.873         | 1%                    | 3.07                |
| Housing Starts: Housing Permitted /Completed <sup>4,1</sup>              | 321             | 175             | -45%                  | -146                |
| Avg. Daily Volume ANS Oil Production (mbbls/day) <sup>14</sup>           | 512,810         | 526,687         | 3%                    | 13,877              |
| Annual Avg. Domestic Crude WTI Oil Prices (in \$/Barrel) <sup>14</sup>   | \$97.88         | \$54.25         | -45%                  | -\$44               |

Sources: <sup>1</sup>Alaska Department of Labor (ADOL); <sup>2</sup>ADOL Southeast Alaska Population by Age, 2014 to 2017; <sup>3</sup>Alaska Department of Education and Early Development; <sup>4</sup>Based on the quarterly Alaska Housing Unit Survey, a survey of local governments and housing agencies; <sup>5</sup>US Coast Guard; <sup>6</sup>2016 US Census Nonemployer (self-employment) Statistics; <sup>7</sup>Kitco Metals Inc.; <sup>8</sup>ADF&G Southeast Alaska Commercial Seafood Industry Harvest and Ex-Vessel Value Information, 2014-2017; <sup>9</sup>McDowell Group & Cruise Line Agencies of Alaska; <sup>10</sup>US Bureau of Transportation Statistics (RITA); <sup>11</sup>Alaska Marine Highway System data; <sup>12</sup>Shared Taxes and Fees Annual Report FY16, ADOR; <sup>13</sup>Alaska Department of Revenue Crude Oil and Natural Gas Prices.

# The Whole Southeast Alaska Economy 2017

In 2017, Southeast Alaska gained 380 year-round equivalent jobs and \$17 million in workforce earnings over 2016. Approximately a quarter (26.1%) of regional workers are non-residents.

## Annual Average Jobs

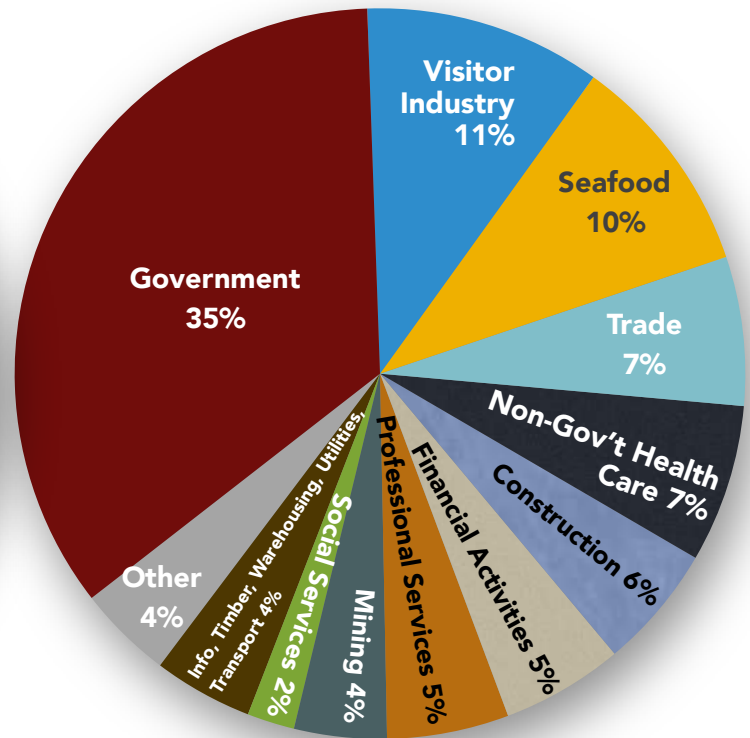
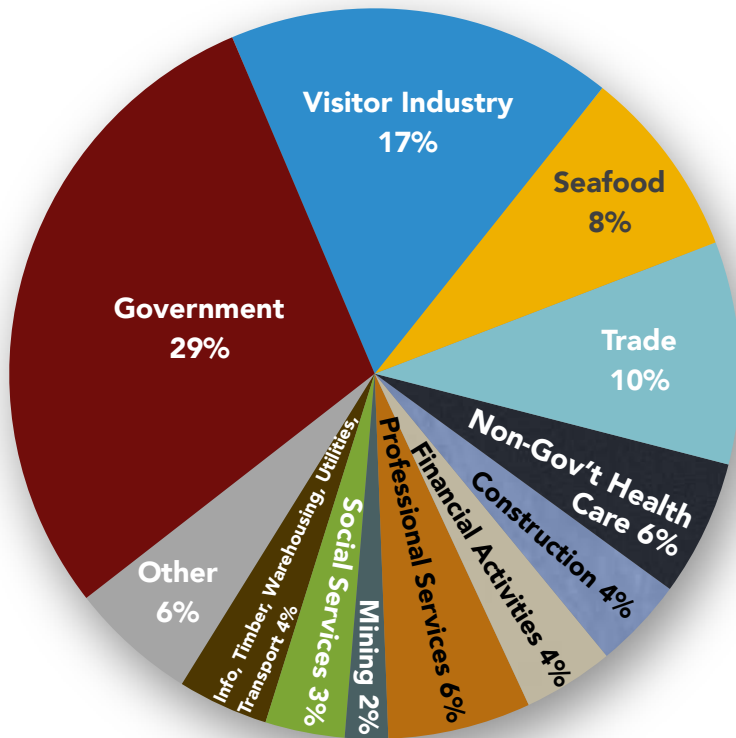
45,640 Jobs

UP 380 JOBS IN 2017 +1%

## Employment Earnings

\$2.2 Billion Workforce Earnings

UP \$17 MILLION +1%

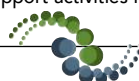


## 2017 Southeast Alaska Employment Earnings

|   | EMPLOYMENT RELATED EARNINGS |                                 |                        | EMPLOYMENT NUMBERS               |                      |                  |
|---|-----------------------------|---------------------------------|------------------------|----------------------------------|----------------------|------------------|
|   | Wages (2017)                | Self-Employment Earnings (2016) | Total Earnings         | Annual Average Employment (2017) | Self-Employed (2016) | Total Employment |
| Government (includes Coast Guard)                 | \$713,886,153               | \$55,131,954*                   | <b>\$769,018,107</b>   | 12,609                           | 647*                 | <b>13,256</b>    |
| Visitor Industry                                  | \$197,406,906               | \$33,948,000                    | <b>\$231,354,906</b>   | 6,817                            | 922                  | <b>7,739</b>     |
| Seafood Industry                                  | \$66,697,431                | \$149,790,000                   | <b>\$216,487,431</b>   | 1,567                            | 2,262                | <b>3,829</b>     |
| Trade: Retail and Wholesale                       | \$116,815,553               | \$28,338,000                    | <b>\$145,153,553</b>   | 3,914                            | 560                  | <b>4,474</b>     |
| Health Care Industry (private only)               | \$135,691,727               | \$14,364,000                    | <b>\$150,055,727</b>   | 2,487                            | 245                  | <b>2,732</b>     |
| Construction Industry                             | \$86,843,047                | \$35,025,000                    | <b>\$121,868,047</b>   | 1,351                            | 581                  | <b>1,932</b>     |
| Financial Activities                              | \$52,944,548                | \$65,595,000                    | <b>\$118,539,548</b>   | 1,101                            | 863                  | <b>1,964</b>     |
| Professional and Business Services                | \$75,114,752                | \$43,339,000                    | <b>\$118,453,752</b>   | 1,570                            | 1,299                | <b>2,869</b>     |
| Mining Industry                                   | \$89,447,347                | \$1,025,000                     | <b>\$90,472,347</b>    | 875                              | 11                   | <b>886</b>       |
| Social Services                                   | \$41,705,348                | \$4,419,000                     | <b>\$46,124,348</b>    | 1,352                            | 228                  | <b>1,580</b>     |
| Information (publishing, broadcasting, telecomm.) | \$22,538,233                | \$1,411,000                     | <b>\$23,949,233</b>    | 517                              | 54                   | <b>571</b>       |
| Timber Industry                                   | \$16,698,257                | \$2,036,000                     | <b>\$18,734,257</b>    | 302                              | 52                   | <b>354</b>       |
| Warehousing, Utilities, & Non-Visitor Transport   | \$41,206,826                | \$12,719,000                    | <b>\$53,925,826</b>    | 766                              | 137                  | <b>903</b>       |
| Other   | \$66,902,298                | \$24,854,000                    | <b>\$91,756,298</b>    | 1,619                            | 932                  | <b>2,551</b>     |
| <b>Total</b>                                      | <b>\$1,723,898,426</b>      | <b>\$471,994,954</b>            | <b>\$2,195,893,380</b> | <b>36,847</b>                    | <b>8,793</b>         | <b>45,640</b>    |

**Sources:** Alaska Department of Labor 2017 Employment & Wage data; 2016 (latest available) US Census Nonemployer (self-employment) Statistics; 2017 US Coast Guard employment & wage data. \*These cells in Government refer to 2017 active duty Coast Guard personnel employment and wages, and not self-employment data.

**Notes:** Seafood Industry includes animal aquaculture, fishing & seafood product preparation (NAICS 1125,1141,3117), and Southeast Alaska resident commercial fishermen (nonresident fishermen & crew excluded; resident fishermen who did not report income are excluded). Visitor Industry includes leisure & hospitality, and visitor transportation (air, water, scenic) (NAICS 71, 72, 481, 487, 483). Timber includes forestry and logging support activities for forestry, and wood product manufacturing (NAICS 113, 1153, 321).



# THE VISITOR INDUSTRY

Chart: Southeast Alaska Cruise Passengers 2009-2019



## Visitor Industry 7,740 Annual Avg. Jobs

**UP 160 JOBS IN 2017 +2%**

In 2017 the visitor industry continued to be the largest private sector industry, both in jobs and, since 2016, in total workforce earnings (see chart on page 4). The visitor industry accounted for 17% of regional employment (7,740 annual average jobs) and nearly a quarter (24%) of all private sector employment. Since 2010, visitor industry employment has grown by 32%, with 1,900 new jobs. Those working in the visitor industry earned \$231 million in 2017—or 11 percent of all regional employment income. The average annualized wage in the visitor industry is \$29,900 (significantly lower than the average regional wage of \$48,000).

In 2017, 1.5 million air, ferry, and cruise passengers came to Southeast Alaska from outside the region, a 13% increase over 2014. Airline passenger traffic from outside the region grew 15%, and cruise passenger traffic to the region increased by 13%. During this period, ferry arrivals from outside the region fell by 34% due to decreases in funding and service.

### CRUISE SHIP TRAFFIC

Most visitors to the region (70%) come by cruise ship, and cruise passenger traffic has seen massive increases in recent years.

Between 2010 and 2019, the number of cruise passengers arriving in the region is projected to increase by a staggering 55%, including one-year growth of 17 percent expected from 2018 to 2019. Southeast Alaska is expected to receive 4.3% of all global cruise ship passengers in 2018.

In 2018, 34 cruise ships are scheduled to visit the region, carrying 1.165 million passengers on 519 voyages. Ships are getting larger. To handle this change Juneau recently built two new Panamax docks, giving the capital city capacity to host four 1,000-foot plus vessels at a time. The City of Ketchikan is working on a similar berth expansion.

In 2018 Norwegian Cruises added the Norwegian Bliss to the fleet, the first cruise ship custom designed for Alaska waters. It the largest cruise ship to serve Alaska with a length of 1,094 feet, and a capacity of 4,004 passengers and 1,716 crew. Windstar Cruises restarted service to the region in 2018 after a more than 20-year absence, and Princess added a ship.

In 2019, Viking Cruises, Cunard Cruise Line and the upscale Azamara Cruises will each send ships to Alaska for the first time, and the Norwegian Joy, sister ship to the Bliss, will reposition from China.

### KEY ECONOMIC DRIVER

Southeast Alaska is the most visited part of

the state, with two-thirds of all tourists coming to the region. One-third of all Alaska visitor spending occurs in Southeast, where visitors spent an estimated \$657 million in 2016. Average spending by visitor was \$487 per person according to the Alaska Visitors Statistic Program. In Juneau, those arriving by plane spent nearly four times as much as those arriving by cruise ship.

### INCREASED JET SERVICE

For the third year in a row, in 2017 Southeast Alaska saw a record-breaking number of airline passengers from outside the region, with 427,300 arrivals. This year is likely to shatter records again; as of July 2018, airline passenger arrivals were up 3% over the first half of 2017.

### VISITOR OUTLOOK

The visitor industry has the strongest outlook of all Southeast Alaska industries. Alaska's popularity as a visitor destination has continued to grow. In 2018 Glacier Bay was rated the best cruise designation in the world by cruisers. More Americans are traveling due to a strong national economy and international travel destinations are increasingly perceived to have security risks. Cruise passenger arrivals are expected to continue to rise as larger, higher-capacity vessels visit the region. Air arrivals are also expected to grow. Along with increased visitors, the number of jobs and associated income in this sector will continue to rise.

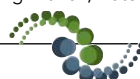
Glacier Bay was the highest-rated cruise destination in the world in 2018. *Cruise Critic*



**Sources:** Combination of ADOL 2017 Employment and Wage data and 2016 US Census Nonemployer (self-employment) Statistics; McDowell Group; US Bureau of Transportation Statistics (RITA); Alaska Marine Highway System; Cruise Line Agencies of Alaska; Cruise Market Watch; Cruise Critic; Juneau International Airport Passenger Statistics; Economic Impact of Alaska's Visitor Industry. Forecast 2020 U.S. Department of Commerce, US Office of Travel and Tourism Industries. OMB budgets.

**Note:** In this analysis, the visitor industry includes leisure and hospitality businesses, along with air, water & scenic transportation companies.

**Photo Credit:** Panorama of downtown Ketchikan Grey82 / Shutterstock.com



# SOUTHEAST MARITIME: 6,275 Jobs

Private and US Coast Guard Maritime Employment & Workforce Earnings



## Fishing & Seafood Processing

Jobs: **3,829**  
Wages: **\$216.5 M**  
Change in jobs 2014-17: **-12%**



## Marine Tourism

Jobs: **1,079**  
Wages: **\$36.4 M**  
Change in jobs 2014-17: **+18%**



## US Coast Guard

Jobs: **780** (Active Duty and Civilian)  
Wages: **\$67.9M**  
Change in jobs 2014-17: **+2%**



## Marine Transportation (Excluding Tourism)

Jobs: **371**  
Wages: **\$26.3M**  
Change in jobs 2014-17: **-7%**



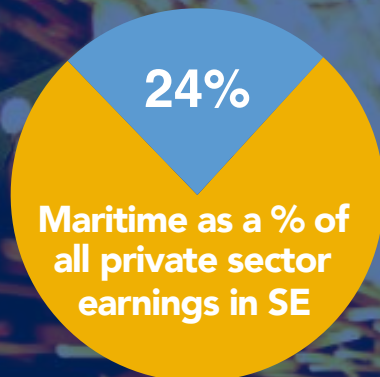
## Ship Building, Repair, Marinas

Jobs: **326**  
Wages: **\$16.4 M**  
Change in jobs 2014-17: **+41%**



## Marine-Related Construction

Jobs: **23**  
Wages: **\$1.9 M**  
Change in jobs 2014-17: **-65%**

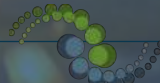


## Southeast Private & USCG Maritime Economy 2014-2017

Total Jobs 2017: **6,275**  
Total Wages 2017: **\$369 Million**  
Change in jobs since 2014: **-493**  
Change in jobs by percent: **-7%**  
Change in earnings since 2014: **-\$26 Million**  
Change in earnings by percent: **-7%**

Photo by Vigor Ketchikan.

For methodology, notes, and sources, see [www.raincoastdata.com/sites/default/files/Maritime by the Numbers.pdf](http://www.raincoastdata.com/sites/default/files/Maritime%20by%20the%20Numbers.pdf)



# THE SEAFOOD INDUSTRY

## VALUE & POUNDS OF SEAFOOD LANDED SOUTHEAST ALASKA 2008 TO 2017



## Southeast Seafood Industry 3,829 Jobs

### DOWN 6 JOBS IN 2017

As a whole, the regional 2017 fishing season was average, with total pounds landed and catch value similar to regional 10-year averages. The Southeast Alaska seafood harvest in 2017 was 302 million pounds with an ex-vessel value of \$289 million. The season was significantly better than the 2016 season, which was the worst in more than a decade. Despite an improved harvest, the 500 seafood jobs lost in 2016 failed to return in 2017.

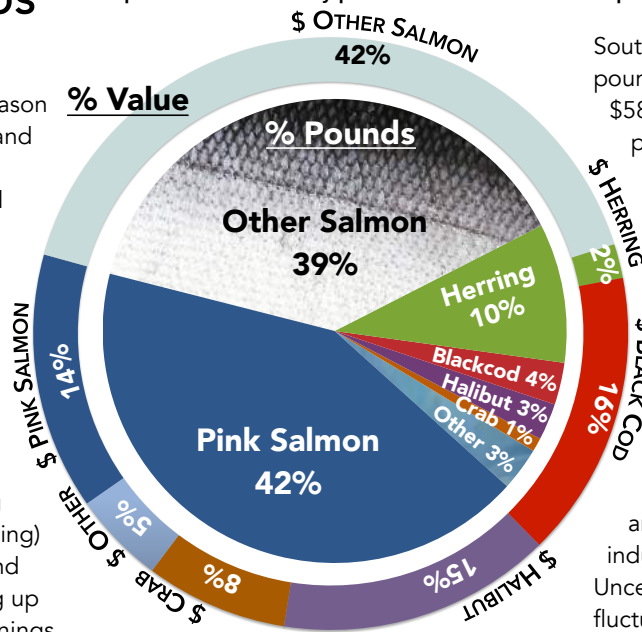
### KEY ECONOMIC DRIVER

The regional seafood industry (including commercial fishing and seafood processing) generated 3,829 annual regional jobs and \$216 million in earnings in 2017, making up 8% of jobs in the region and 10% of earnings (down from 12% two years ago). Those working in our region's seafood industry earned \$216 million dollars in 2017. These figures exclude nonresident commercial fishermen and crew members.

The majority of the statewide catch of Chinook, coho, keta (chum), shrimp, Dungeness crab, and the dive fisheries occurs in Southeast Alaska. In 2017, the five salmon species represented 81% of the regional seafood catch by volume, but just over half of total ex-vessel value (\$162 million). Halibut and black cod, at 7 percent of the total catch, accounted for nearly one-third of total catch value in 2017.

### SEAFOOD LANDED IN SE ALASKA BY SPECIES, 2017

Outer ring = % of harvest by dollar value: \$289 million  
Inner pie = % of harvest by pounds landed: 302 million pounds



Southeast Alaska processed 227 million pounds of seafood, with a wholesale value of \$580 million, a 37% increase in seafood pounds processed over 2016. State-shared fisheries taxes for processing activity in FY17 generated \$3.8 million for regional communities, a 41% increase over FY2016.

### SEAFOOD INDUSTRY OUTLOOK

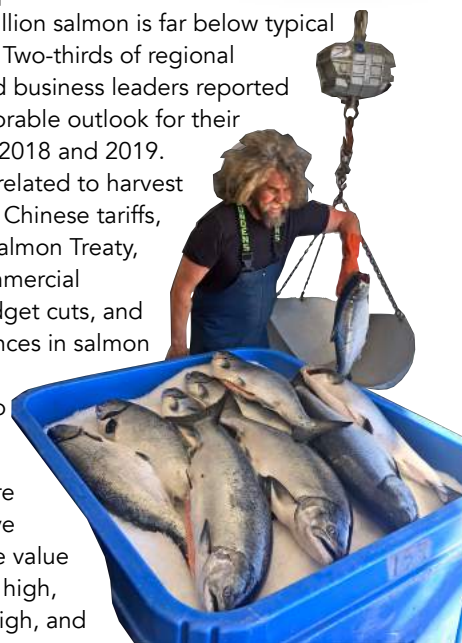
The preseason forecast for 2018 of 37 million salmon is far below typical years. Two-thirds of regional seafood business leaders reported an unfavorable outlook for their industry in 2018 and 2019. Uncertainty related to harvest fluctuations, Chinese tariffs, the Pacific Salmon Treaty, ADF&G commercial fisheries budget cuts, and global advances in salmon farming all contribute to concerns.

Still, there are many positive signals. "The value of fish is still high, demand is high, and it's still a great way to make a living," reports Julianne Curry, the Public Affairs Manager for Icicle Seafoods.

Despite being average as a whole, there was significant variability across fisheries in 2017. Southeast Alaska's 2017 king salmon season was the worst in 56 years of record-keeping, and the Alaska Department of Fish and Game (ADF&G) projects 2018 will be even worse. The sockeye salmon harvest was one of the poorest on record, 47% below 10-year average harvest levels, as was Dungeness crab. In contrast, 31% more halibut was caught over the 10-year average, along with 15% more keta, and a lot more shrimp.

### SEAFOOD PROCESSING

In 2017, shore-based seafood facilities in



**Sources:** Combination of ADOL 2017 Employment and Wage data; 2016 US Census Nonemployer (self-employment) Statistics; ADF&G Seafood Production of Shorebased Plants in Southeast Alaska; ADF&G Southeast Alaska Commercial Seafood Industry Harvest and Ex-Vessel Value Information; Run Forecasts and Harvest Projections for 2018 Alaska Salmon Fisheries and Review of the 2017 Season; ADF&G March 2018; Shared Taxes and Fees Annual Report FY17, ADOR; Alaska Commercial Salmon Harvests and Ex-vessel Values, ADF&G. **Seafood Industry** includes animal aquaculture, fishing, & seafood product preparation (NAICS 1125,1141,3117) and Southeast Alaska resident commercial fishermen (nonresident fishermen & crew who did not report income are excluded). **Photo Credits:** Top: Amalga, by Alaska's Four Season Photography. Right: Hoonah Cold Storage by Peter Metcalfe.



## Southeast Healthcare Industry 3,426 Jobs

**UP 80 JOBS IN 2017 +2.5%**

Regional healthcare employment is increasing after a half-decade of decline. Wages for the industry are up considerably, growing by \$22 million, or 13%, over the past three years. Southeast Alaska's 3,426 healthcare workers, comprising 7.5% of the workforce, earned 9% (\$197 million) of all regional wages in 2017.

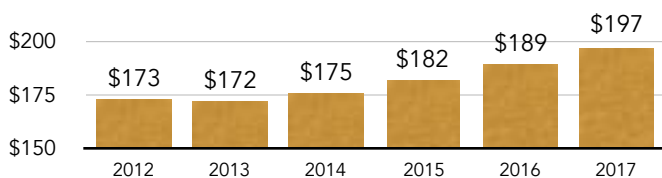
Healthcare wages had previously been relatively flat amid uncertainty over national healthcare policy and proposed Medicare cuts, and cuts to state Medicaid. But with a greater portion of the US population now accessing healthcare, more healthcare workers and physicians are needed, and there are simply not enough entering the workforce. Wages within the region adjusted upwards to remain competitive. Medical and nursing schools still graduate a similar number of students as they did two decades ago and baby boomers are leaving the work force. Southeast Alaska providers are now adjusting wages up to remain competitive, resulting in the increase in total wages.

### HEALTHCARE INDUSTRY OUTLOOK

Healthcare needs in the region have been increasing due to an aging populace, and regional providers are experiencing increasing patient volumes. Early employment numbers for 2018 show significant job gains in the healthcare sector. In the first half of 2018, employment in the private healthcare sector is up 7 percent, or nearly 200 jobs. Recent business climate survey findings are likewise optimistic. Sixty percent of healthcare business leaders say they expect the healthcare sector to improve over the next year.



**Total Southeast Alaska Healthcare Wages in Millions**



Sources: ADOL 2017 Employment and Wage data; Kitco Metals Inc; Coeur Mining Inc. 2017 Annual Report; Hecla Mining Company 2017 Annual Report.

Photo credits: Ketchikan PeaceHealth and Hecla Greens Creek Mine.

## Southeast Mining Industry 886 Jobs

**UP 90 JOBS IN 2017 +11%**

Despite significant job growth in 2017, regional mining indicators are mixed. In 2017 there were 886 annual average mining jobs in Southeast Alaska, up 11% over 2016, with a payroll of \$90 million. Two large mines operating in the region account for most mining employment. In July 2018 Hecla Greens Creek employed 431 full-time permanent employees (+13 from 2016), while Kensington had a staff of 389 (+64 from 2016). Average annual wages of \$102,000 in 2017 are down slightly from \$104,000 in 2016, but mining jobs remain the highest-paying in the region of any sector.

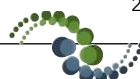
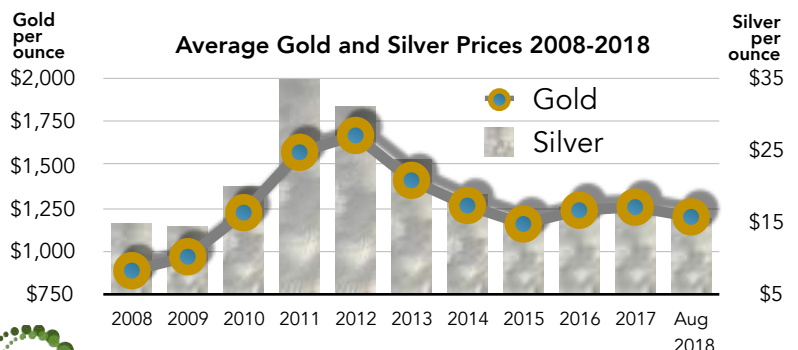
Hecla Greens Creek is one of the largest silver mines in the world, while the Coeur-owned Kensington is exclusively a gold mine. At Hecla Greens Creek production was down in 2017: silver was down 10% to 8.4 million ounces, zinc was down 9%, and gold production was down 6%. Production at Kensington was also down from last year, by 7%, with 115,094 ounces of gold produced in 2017.

The Dawson Mine Project, with 25 employees, is the region's next-largest mining employer. Located near Hollis on Prince of Wales Island, Dawson is a gold and silver project operated by Sundance Mining.



### MINING INDUSTRY OUTLOOK

The mining sector is expected to grow slightly in 2017 and 2018. Mike Satre of Greens Creek cautions against too much optimism, noting that prices for gold, silver, lead and zinc have fallen since the start of the year.







## Southeast Timber Industry 354 Jobs

**DOWN 12 JOBS IN 2017 -3%**

Regional timber jobs declined in 2017, continuing a trend that has reduced employment by 90 percent over the last 25 years. The workforce is down to 354 in 2017, with total earnings of \$18.7 million.

The 2014 Big Thorne timber sale enabled the last remaining mill in Southeast Alaska, Viking Lumber on Prince of Wales Island, to continue to operate. In August of 2017, a land exchange between the Mental Health Trust and the US Forest Service opened approximately 20,000 acres of land on Prince of Wales and Shelter Cove for development and timber harvest. In 2016, Sealaska, the regional Alaska Native corporation, received 362,000 acres of land under the provisions of ANCSA, and is using approximately one-third as a "working forest" including harvest activity. Today, most of the region's timber jobs are with Sealaska and Viking Lumber.

### TIMBER OUTLOOK

Regional timber supplies remain low, but the Mental Health Trust land exchange created a base level of supply, and timber jobs are expected to remain stable in the next year.

The US Forest Service is proceeding with the State's petition to exempt the Tongass National Forest from the Roadless Rule. As a first step the Governor must appoint a task force for advice during the State's participation in the National Environmental Policy Act process.



## Southeast Construction Industry 1,932 Jobs

**DOWN 100 JOBS IN 2017 -5%**

For the fourth year in a row construction employment is down. Jobs fell by 100 last year to 1,932, a combined loss of 340 jobs, or 15% decline, over four years and a \$27.5 million corresponding drop in wages. Early employment data indicate construction-related employment will drop another 100 jobs in 2018. Construction workers in the region earned \$122 million in 2017—or 6% of all Southeast Alaska employment earnings.

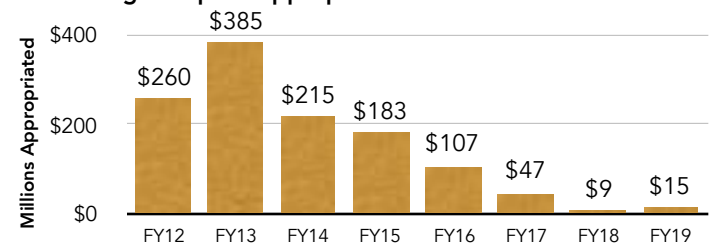
Housing construction was also down in 2017, as 200 fewer units were permitted or completed than in the year prior, a 53% decline. This change was mostly due to a decrease in construction in Juneau.

### CONSTRUCTION OUTLOOK

Legislative capital appropriations in the region dropped 96% from \$385 million in FY13 to just \$15 million in the FY19 budget. Large projects that received public funding before the 2014 oil price collapse created a construction boom that helped delay the impact of falling state spending and decreased federal spending. But few new and future projects have funding, and employment levels are expected to continue falling.

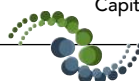


### State Budget Capital Appropriations for Southeast Alaska



(Note that some DOT Public Facilities funding can no longer be broken out in a way that adequately compares to previous years.)

Sources: Combination of Alaska Department of Labor 2017 Employment and Wage data and 2016 US Census Nonemployer (self-employment) Statistics; State of Alaska Capital Budget FY12-19. **Photography credit:** Viking Lumber & Rain Coast Data



**Government Jobs 2017**

Local 5,350 Jobs +214  
 State 4,820 Jobs -116  
 Federal 2,110 Jobs +2  
 Tribal 975 Jobs +100



# SOUTHEAST ALASKA GOVERNMENT



## Government 13,250 Jobs

**UP 200 JOBS IN 2017 +1.5%**

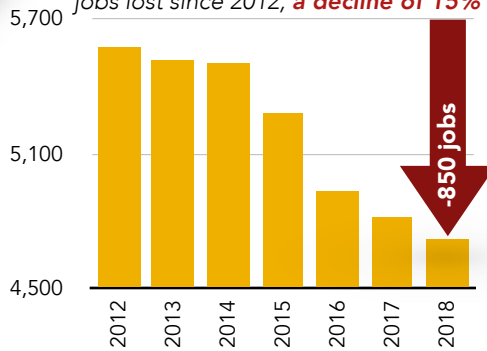
Government wages made up 35% of all regional employment earnings (\$769 million) and 29% of the region's jobs (13,250) in 2017.

### STATE GOVERNMENT LOSSES

State government employment and spending have continued to decline, significantly impacting the regional economy. In Southeast Alaska, 13% of all direct wages come from the state. From 2012 through July 2018, 850 state jobs in the region were lost. This is a loss of \$50 million in annual wages and 15% of all regional state jobs; three-quarters of these losses came out of Juneau. Historically, oil paid for up to 90% of the state budget; today, oil covers about 30 percent.

### Southeast State Jobs

State jobs in the region are down for the 6th year in a row, for a total of 850 jobs lost since 2012, a decline of 15%



### LOCAL GOVERNMENT

Communities across the region are struggling financially, and relying on savings to cover shortfalls stemming from cuts to state funding and services. Despite these challenges, local government employment has grown slightly, in part as local entities assume programs and services the state has cut.

### TRIBAL GOVERNMENT GROWS

Tribal government, which includes 18 entities in the region, has grown significantly, adding 100 jobs in 2017. Between 2014 and 2017, tribal wages grew by 16% to \$41 million. Richard Peterson, President of the Central Council of the Tlingit & Haida Indian Tribes of Alaska, says increased capacity has led to greater economic development and grant opportunities for tribes.

### STATE BUDGET CHALLENGE

Declining oil production and prices devastated the State of Alaska budget. State revenues fell by 70 percent from FY13 to FY 18; the budget was cut 40 percent over this period, leading to significant losses in state employment. The state has operated in deficit mode for the past five years, using more than \$14 billion in savings to cover budget gaps. Investor confidence and the state's credit rating have faltered.

### GOVERNMENT OUTLOOK

Early job reports from 2018 are mixed. State employment is predicted to decline by 2% from 2017, while all other government employment is expected to be flat, for an overall loss of 100 jobs in the region.

### FEDERAL GOVERNMENT

Federal government employment losses are compounding state job cuts, but appear to have stabilized. Since 2005, federal employment in the region has fallen by 600 jobs (28%) worth \$50 million in wages. Federal spending decline also means fewer projects and programs that support the region.

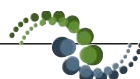
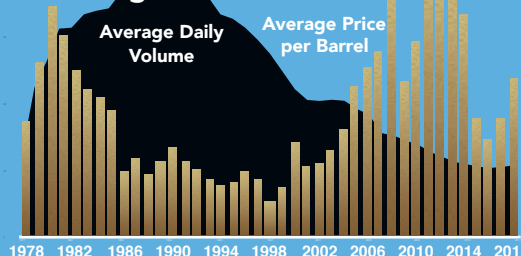
Legislation restructuring the \$65 billion Alaska Permanent Fund passed in May 2018, opening the door for use of fund earnings to pay for state services. Although the potency of public backlash about reduced dividends remains uncertain, and additional cuts or new revenues are likely still needed, the measure is viewed as helping stabilize the state budget.

Sources: ADOL 2017 Employment and Wage data; U.S. Coast Guard; Alaska Department of Revenue. Photo Credit: Michael Penn.

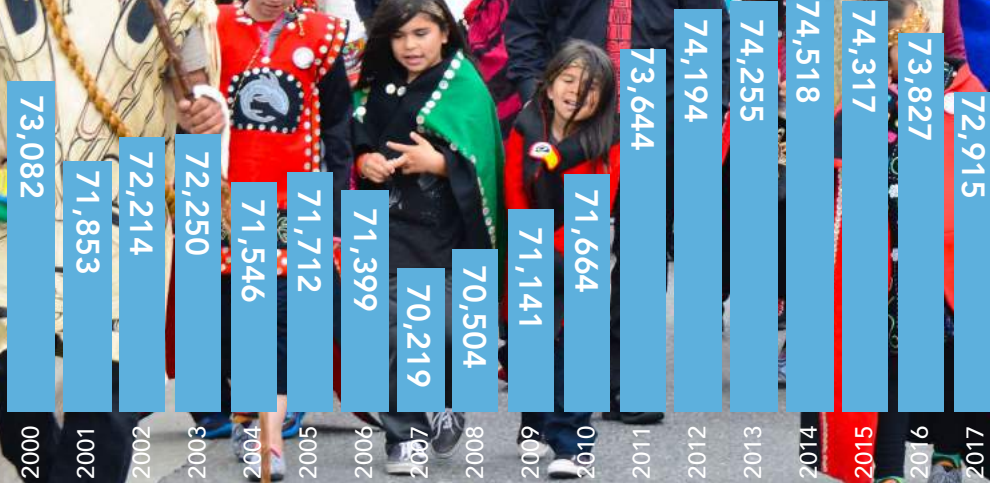
### Avg. Daily Volume of the Trans Alaska Pipeline System and Inflation Adjusted Price Per Barrel, 1978-2018

Oil revenues accounted for up to 90 percent of the state's unrestricted revenues

### How we got here



# DEMOGRAPHICS



## POPULATION CHANGE 2014 TO 2017

|                    | 2014          | 2017          | CHANGE     |
|--------------------|---------------|---------------|------------|
| Juneau Borough     | 33,020        | 32,269        | -2%        |
| Ketchikan Borough  | 13,872        | 13,754        | -1%        |
| Sitka Borough      | 9,085         | 8,748         | -4%        |
| Petersburg Borough | 3,207         | 3,147         | -2%        |
| Haines Borough     | 2,550         | 2,459         | -4%        |
| Wrangell Borough   | 2,415         | 2,387         | -1%        |
| Metlakatla         | 1,447         | 1,422         | -2%        |
| Craig              | 1,207         | 1,089         | -10%       |
| Skagway Borough    | 979           | 1,034         | 6%         |
| Klawock            | 805           | 833           | 3%         |
| Hoonah             | 788           | 773           | -2%        |
| Kake               | 627           | 604           | -4%        |
| Yakutat Borough    | 632           | 552           | -13%       |
| Gustavus           | 519           | 544           | 5%         |
| Thorne Bay         | 532           | 533           | 0%         |
| Angoon             | 420           | 404           | -4%        |
| Hydaburg           | 407           | 374           | -8%        |
| Coffman Cove       | 176           | 199           | 13%        |
| Tenakee Springs    | 127           | 135           | 6%         |
| Hollis             | 93            | 128           | 38%        |
| Naukati Bay        | 120           | 119           | -1%        |
| Klukwan            | 84            | 93            | 11%        |
| Hyder              | 93            | 90            | -3%        |
| Kasaan             | 73            | 80            | 10%        |
| Pelican            | 77            | 67            | -13%       |
| Port Alexander     | 45            | 55            | 22%        |
| Edna Bay           | 47            | 43            | -9%        |
| Whale Pass         | 40            | 43            | 8%         |
| Port Protection    | 55            | 34            | -38%       |
| Game Creek         | 18            | 18            | 0%         |
| Elfin Cove         | 16            | 14            | -13%       |
| Point Baker        | 13            | 13            | 0%         |
| Remainder          | 929           | 858           | -8%        |
| <b>Total</b>       | <b>74,518</b> | <b>72,915</b> | <b>-2%</b> |

## Population 72,915

**DOWN 900 PEOPLE 2016 TO 2017 -1%**

Between 2014 and 2017 Southeast Alaska's population decreased by 1,600. The losses were region-wide, with seven of eight boroughs reporting population declines. Only the borough of Skagway grew.

### JUNEAU IS THE LOSS LEADER

Population losses were most significant in Juneau. Dramatic cuts in state employment contributed to a reduction of 900 residents over the past two years. These losses appear to be mostly comprised of young families. Between 2015 and 2017 the capital community lost more than 300 children and 400 20-somethings

### SCHOOL ENROLLMENT DOWN

Regionally, K-12 enrollment decreased for the 20th time in 22 years. Since 1997 annual enrollment shrank by 3,400 students, a 23% decline across Southeast Alaska.

### COMMUNITY CHANGE

Only one of the region's 34 communities - Hollis - saw consistent growth over the past three years, while every other community experienced population declines in at least one of those years. Among larger communities, Skagway and Gustavus had the most significant longer-term growth. Since 2010 both communities have grown by 27% each for gains of 223 and 115 people respectively.

### AGING CONTINUES

Since 2010 the most pronounced demographic shift has been aging of the population. The 60-plus population grew by 4,500 people, a 38% increase over 2010 due to aging in place. Nearly a quarter of people in the region are now aged 60 or older. In Haines and Wrangell, it is nearly one-third. Since 2010, the number of Southeast Alaskans in their 40s shrank by 1,900 (-17%). There are 600 fewer teenagers (-7%), and 400 fewer children under five (-9%).

### POPULATION OUTLOOK

As long as the state continues to reduce jobs, and payments to communities, job losses are likely to continue, and these will continue to be paired with population declines.



Sources: Alaska Department of Labor (ADOL); ADOL Southeast Alaska Population by Age, Sex and Borough/Census Area, 2010 to 2017; Alaska Department of Education and Early Development; Alaska Population Projections. Photography credits: Peter Metcalfe & Rain Coast Data

# SOUTHEAST ALASKA REGIONAL OVERVIEW

78%

THE FEDERALLY-MANAGED TONGASS NATIONAL FOREST MAKES UP NEARLY 4/5TH OF ALL SOUTHEAST ALASKA

16%

OTHER FEDERAL HOLDINGS MAKE UP NEARLY ALL THE REST (MOSTLY GLACIER BAY)

3.4%

ALASKA NATIVE ORGANIZATIONS ARE THE REGION'S NEXT LARGEST LAND OWNER

2.5%

STATE OF ALASKA LANDS INCLUDE THOSE MANAGED AS PART OF THE MENTAL HEALTH TRUST

0.25%

MUNICIPAL LAND HOLDINGS

0.05%

PRIVATE LAND OWNERS

Southeast Alaska Land Ownership  
Circle size = Number of Acres

## THE REGION

The Southeast Alaska panhandle extends 500 miles along the coast from Metlakatla to Yakutat, encompassing approximately 33,500 square miles of land and water. The saltwater shoreline of Southeast Alaska totals approximately 18,500 miles. More than 1,000 islands make up 40 percent of the total land area. The region is home to 34 communities. The three largest communities—Juneau, Ketchikan, and Sitka—together are home to 75 percent of the regional population.

## CULTURE

The dominant culture in the region is indigenous. Alaska Natives—the Tlingit, Haida, and Tsimshian—make up nearly a quarter (22.4%) of the region's population. The Tlingit have resided in the region for 11,000 years. The region's mild climate, abundant food and raw materials supported the development of highly organized and culturally advanced societies with extensive trade routes. The hospitable climate also allowed time for the development of rich artwork.

## ECONOMIC TRENDS

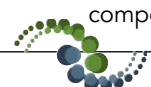
Starting in the 1880s, the economy of Southeast Alaska experienced a century of growth that intensified after statehood in 1959. From statehood into the 1990s, population and employment levels in Southeast more than doubled as the workforce expanded in the areas of mining, government, fishing, tourism, and timber. In the beginning of the 1990's seafood and timber directly accounted for a fifth of the regional economy. However, over that next decade pulp mills and sawmills in the region closed, laying off 3,200 workers. During the same period, the value of salmon declined and catch levels fell. Total Southeast Alaska wages hit bottom in 1997. The population continued to decline through 2007. Between 2008 and 2015 the region experienced a significant economic recovery, rebounding to record numbers of jobs, wages, and residents. However, the state budget crisis and the loss of 850 State of Alaska jobs changed the economic trajectory of the region.

## LAND OWNERSHIP

A lack of privately owned land and land available for development is unique to Southeast Alaska and impacts the ability of the region to nurture the private sector. (See infographic on the left.) Southeast Alaska's land ownership is dominated by the federal government, which manages 94 percent of the land base. Most of this (78%, or 16.75 million acres) is the Tongass National Forest. The remaining federal lands are mostly in Glacier Bay National Park. The State manages 2.5 percent of the total land base (511,500 acres), including the Alaska Mental Health Trust Authority and University of Alaska lands. Boroughs and communities own 53,000 acres—a quarter of one percent of the regional land base. Alaska Native organizations, including village, urban, and regional corporations and the Annette Island Reservation, own 3.4 percent (728,100 acres) of the land base. Other private land holdings account for 0.05 percent of the land base. In 2017, communities received nearly \$19 million in federal Payment In Lieu of Taxes and Secure Rural Schools funding to compensate for federal ownership of the regional land base.



Sources: Personal communications with State of Alaska; US Forest Service; Sealaska. Economies in transition: An assessment of trends relevant to management of the Tongass National Forest, USDA 1998. Photo Credit: Peter Metcalfe



# SOUTHEAST ECONOMIC OUTLOOK SURVEY

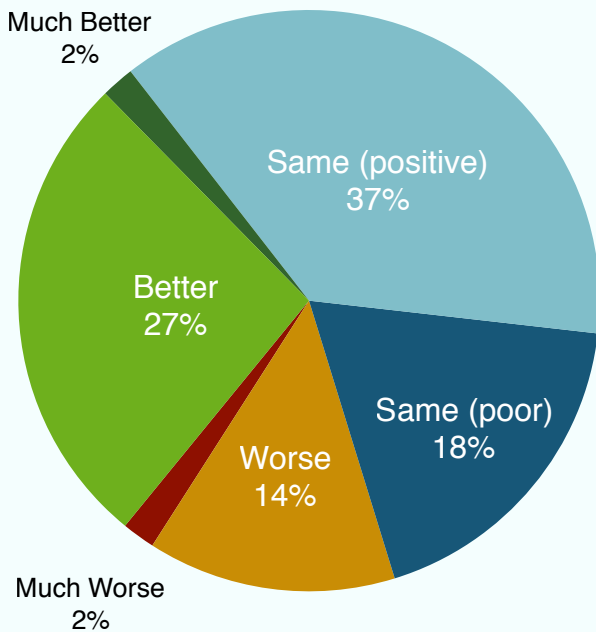
“What is the economic outlook for your business or industry over the next year (compared to the previous year)?”

## CURRENT REGIONAL BUSINESS CLIMATE SURVEY

In the Spring of 2018, 232 Southeast Alaska business owners and top managers from 27 communities responded to Southeast Conference’s Business Climate and Private Investment Survey. Just over half (55%) of respondents were positive about the economy, calling the business climate “good” or “very good,” a decrease of 12% from 2015. Just under half (44%) of business leaders called the Southeast business climate “poor” or “very poor” in 2018 — up from 29% in 2015. Those in the visitor industry were most likely to be positive about the current economic climate, with 70% calling it good or very good. Those in the financial service sector were the least positive.

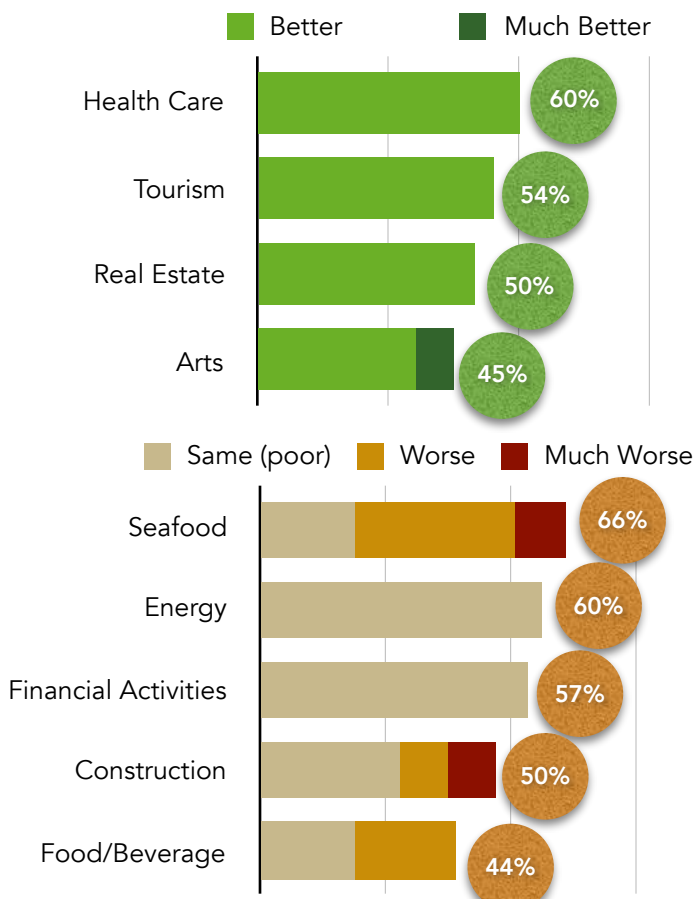
## SOUTHEAST ALASKA ECONOMIC OUTLOOK

Southeast Alaska business leaders are largely optimistic about the future. More than half (55%) of survey respondents expect their prospects to remain status quo, 29% expect their prospects to improve in the coming year, and 16% expect decline. Businesses in Skagway and Haines reported the brightest outlook; while Petersburg and Hoonah leaders reported a deteriorating economic outlook. The healthcare and tourism industries reported the most positive outlook by industry, with more than half of respondents foreseeing improvement. The least optimistic sector was the seafood industry; 66% of respondents expect their industry to remain poor or to decline. Other industries with more pessimistic outlooks include energy, financial services, and the construction sector.

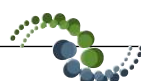
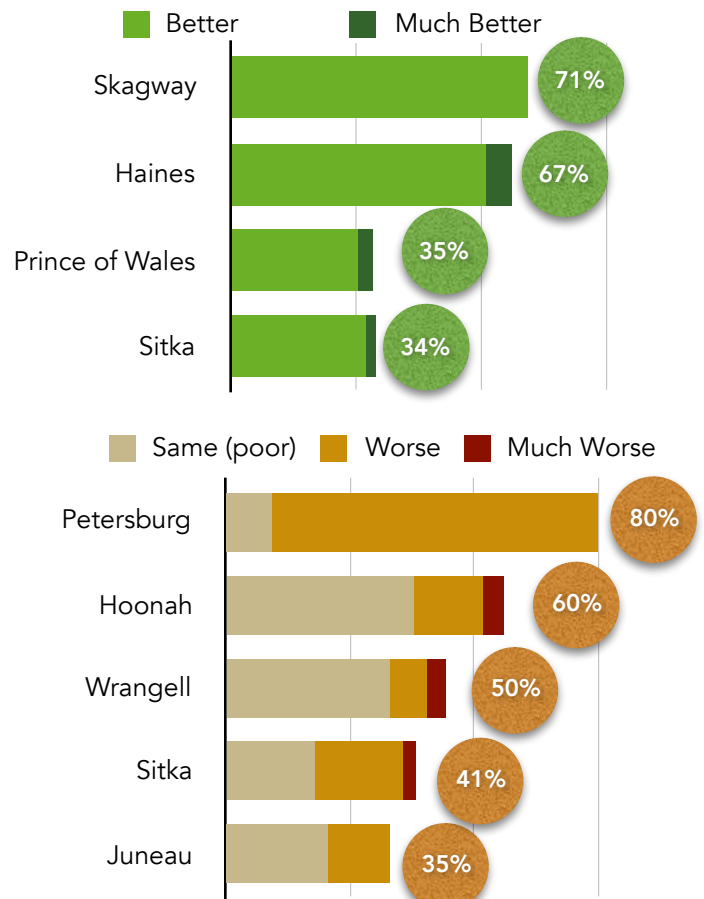


## What is the economic outlook for your business or industry compared to last year?

### By Industry



### By Community



# VOICES OF SE BUSINESS LEADERS

## How has the economy impacted your business? Excerpts of survey responses by industry:

**Visitor Industry:** "Business is up about 15% so far this year with hopes of breaking through 17% by season's end."

"Local, business and government travel were all down this winter. However, summer business is strong."

**Seafood:** "I am a young fisherman. There is no feasible way that I can afford to diversify my fishing business by buying halibut quota. It is prohibitively expensive and I can't afford to buy into it (or other fisheries). ADF&G has a few questionable practices regarding King Salmon protection. The Southeast gillnet fishery has minimal impact on kings in July, and yet we are being penalized through the end of the month with severely diminished fishing time."

**Information Technology:** "Lack of fiscal certainty and general uncertainty in the market causes us to be more conservative, especially in hiring. Our major concern is a decline in contracting. A related concern is that if the state does decide to contract out additional work we will not have the resources to put forward - and work will be moved down south if we won't have the capacity."

**Mining:** "We will be looking for skilled and non-skilled labor to grow our business. Our concern is that labor is moving out of the area due to lack of jobs, making it difficult for us to fill the positions required to grow our business."

**Retail Trade:** "Overall business is down close to 15%. The good news is the rate of decline has slowed and seems to be bottoming out."

**Construction:** "Our company is in year 4+ of a 20% decrease in hours per employee to maintain cash flow as we read the signs of the stagnant and declining economy ahead of the decline in oil prices and market crash. The current political climate continues to place more regulations on businesses."

**Energy:** "Energy (kWh) sales are down for at least the fifth year in a row, even though we grew by about 50 customers over the same period. We believe this is due to investments in more efficient lighting and appliances."

**Financial Activities:** "We are continuing to grow in total asset size, income has increased, and we are looking at adding additional locations in the next few years."

**Food/Beverage Industry:** "We are down 23% in 2017. 2016 was down 12%. Much more and we will be out of business. The State budget crisis is affecting how people are spending money now."

**Professional & Business Services:** "I've actually had to travel more for business and also had to cultivate clients out of region. Money is tighter here in SE, people/organizations/businesses have to prioritize differently and often don't seek organizational or management support even when they need it."

**Real Estate:** "Housing in Sitka is still tight. Our residential properties enjoy 100% occupancy. Lack of good land for development and the high price of buying and converting existing properties to moderate priced housing units are our biggest challenges."

**Arts:** "We have reduced staff, which means we have to reduce services which reduces revenue. Nonprofits all across the country are having to change their structure to meet the needs of the communities we exist for."

To read all 140 business leader responses, download the [Southeast Alaska Business Climate Survey 2018](#)

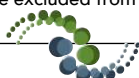
## ALASKA NON RESIDENCY

### Just over a quarter of all Southeast Alaska workers are not Alaskans.

When jobs and income are reported, these include workers who do not reside full time (or even in some cases part time) in Alaska. Nonresident workers in the region earned an average of \$19,017 each in 2016, and altogether they earned \$239 million, accounting for 23% of all wage earnings that year. The region's nonresident workforce primarily works in the highly seasonal seafood and visitor industries. Nearly three-quarters of the region's seafood processing workers were not Alaska residents in 2016. They earned \$31 million that year, spending some of it in the communities in which they worked, and bringing a portion of those earnings home with them at the end of the summer. Skagway has the highest concentration of non-Alaska resident workforce, where 65% of all workers are non-Alaskans. Juneau has the lowest percent of nonresident workforce participation at 19%. Government jobs have the highest level of local employees. Residency is measured by PFD eligibility status.

| NON ALASKA RESIDENTS BY AREA AND INDUSTRY |                     |               |
|---|---------------------|---------------|
| Southeast Industries                      | Non Alaskan workers | % Non Alaskan |
| Seafood Processing                        | 2,801               | 74%           |
| Arts, Entertainment, and Recreation       | 779                 | 51%           |
| Mining                                    | 490                 | 47%           |
| Accommodation and Food Services           | 1,929               | 41%           |
| Retail Trade                              | 1,362               | 25%           |
| Local Governments                         | 627                 | 8%            |
| State of Alaska Government                | 327                 | 6%            |
| Borough or Area                           | Non Alaskan workers | % Non Alaskan |
| Skagway Municipality                      | 1,095               | 65%           |
| Petersburg Borough                        | 839                 | 40%           |
| Haines Borough                            | 595                 | 39%           |
| Sitka, City and Borough                   | 1,888               | 32%           |
| Ketchikan Gateway Borough                 | 2,633               | 28%           |
| Hoonah-Angoon Census Area                 | 322                 | 28%           |
| Yakutat, City and Borough                 | 109                 | 26%           |
| Wrangell, City and Borough                | 316                 | 26%           |
| Prince of Wales-Hyder Census Area         | 830                 | 25%           |
| Juneau, City and Borough                  | 3,941               | 19%           |
| <b>Total Southeast Alaska</b>             | <b>12,568</b>       | <b>26%</b>    |
| <b>Total Alaska</b>                       | <b>89,411</b>       | <b>22%</b>    |

**Sources and notes:** Nonresidents Working in Alaska: 2016. Alaska Department of Labor and Workforce Development. February 2018. **Note:** Approximately 10% of nonresident workers go on to apply for a PFD. Self-employment earnings and federal wages are excluded from this analysis.



# SOUTHEAST 2020 STRATEGIC PLAN SUMMARY

The Southeast Alaska 2020 Economic Plan, is a five-year strategic plan for the region. The membership worked together to develop an overall vision statement, 46 objectives, and 7 priority objectives, along with regional and industry specific SWOT analyses. More than 400 people representing small businesses, tribes, Native organizations, municipalities, and nonprofits were involved in various elements of the planning process. In 2018 this work received a national NADO Innovation Award. The Plan's objectives are listed below.

## Transportation

- ★ **Priority** Minimize Impacts of Budget Cuts to AMHS and Develop Sustainable Operational Model.
- Road Development.
- Move Freight to and from Markets More Efficiently.
- Ensure the Stability of Regional Transportation Services Outside of AMHS.



## Visitor Industry

- ★ **Priority** Market Southeast Alaska to Attract More Visitors.
- Improve Access to Public Lands.
- Increase Flexibility in Terms of Permit Use.
- Increase Yacht and Small Cruise Ship Visitations.
- Improve Communications Infrastructure.
- Advocate for Funding to Maintain Existing Recreational Infrastructure.
- Grow Cultural and Arts Tourism.



## Energy

- ★ **Priority** Promote Priorities Of The Regional Energy Plan Including Infrastructure and Diesel Displacement
- Support Community Efforts to Create Sustainable Power Systems That Provide Affordable/Renewable Energy.
- Complete Regional Hydrosite Evaluation for Southeast Alaska.



## Timber Industry

- ★ **Priority** Provide an Adequate, Economic and Dependable Supply of Timber from the Tongass National Forest to Regional Timber Operators.
- Stabilize the Regional Timber Industry.
- Work with USFS to Direct Federal Contracts Toward Locally-Owned Businesses.
- Support Small-Scale Manufacturing of Wood Products in Southeast Alaska.
- Continue Old-Growth Harvests Until Young-Growth Supply is Adequate.
- Community-Based Workforce Development.
- Update Young Growth Inventory.



## Maritime

### Maritime Industrial Support

- ★ **Priority** Maritime Industrial Support Sector Talent Pipeline: Maritime Workforce Development Plan.
- Continue to Grow the Regional Maritime Sector.
- Increase Access to Capital for the Regional Maritime Industrial Support Sector.
- Support Capital Investments in Expanded Marine Industry Support Infrastructure.
- Harbor Improvements.
- Examine Arctic Exploration Opportunities That the Region as a Whole Can Provide.



## Other Objectives

- Housing:** Support Housing Development.
- Food Security:** Increase Production, Accessibility, and Demand of Local Foods.
- Communications:** Improved Access to Telemedicine in Southeast Alaska.



### Seafood Industry

- ★ **Priority** Mariculture Development.
- ★ **Priority** Full Utilization and Ocean Product Development.
- Increase Energy Efficiency and Reduce Energy Costs.
- Regional Seafood Processing.
- Seafood Markets.
- Sea Otter Utilization and Sustainable Shellfish.
- Maintain Stable Regulatory Regime.
- Seafood Workforce Development.



- Marketing:** Market Southeast Alaska as a Region.
- Solid Waste:** Regional Solid Waste Disposal.
- Education:** Partner with University & K-12 to Meet Workforce Needs
- Arts:** Increase Recognition of Southeast Alaska's Thriving Arts Economy.
- Mining:** Minerals & Mining Workforce Development.
- Research:** Attract Science and Research Jobs to Southeast Alaska.
- Cultural Wellness:** Support Activities and Infrastructure That Promote Cultural Wellness
- Healthcare:** Meet Regional Needs.





## SOUTHEAST CONFERENCE

### Southeast Conference Board

**Jan Hill – President**

Mayor, Haines Borough

**Dennis Watson – Vice President**

General Manager, Inter-Island Ferry Authority

**Alec Mesdag – 2nd Vice President**

Director of Energy Services for AEL&P

**Chelsea Goucher – Past President**

Sales Representative, Alaska Marine Lines

**Rorie Watt – Treasurer**

City Manager, City & Borough of Juneau

**Stephen Bradford – Secretary**

Assembly Member, Ketchikan Gateway Borough

**Henrich Kadake – Director**

Chair, Kake Tribal Corporation

**KC Hostetler – Director**

Regional Sales & Community Marketing Manager, Alaska Airlines

**Bryce Dahlstrom – Director**

Vice President, Viking Lumber

**Maegan Bosak – Director**

Community Affairs Director, City and Borough of Sitka

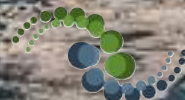
**Markos Sheer – Director**

CEO Premium Aquatics

**Dennis Gray Jr. – Director**

City Administrator for City of Hoonah

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# SOUTHEAST ALASKA AND THE AMHS FERRY ROUTE

