

SOUTHEAST ALASKA

By the Numbers 2019



Meilani Schijvens Rain Coast Data

CHANGES 2017 TO 2018 | SOUTHEAST ALASKA'S ECONOMY



The Southeast Alaska summer of 2019 was filled with record high temperatures and a historic number of visitors spending money across the region's communities. With it was the picture of prosperity, the region's complete economic framework is thriving in some aspects, while struggling in others.

Southeast Alaska's thriving State sector is down by more than 100 jobs over 7 years. Long the top provider of wages in the region, state government is on track to be a driver that in coming years - after municipal government and tourism - and a beautiful fishing season would make the state the fourth largest provider of wages. Alaska's fiscal health has been managed to the detriment of Southeast Alaska, as politicians gave back priority over the long-term economic health of the state sector, and State savings were depleted without a replacement of a sustainable fiscal solution. As a result the region has been enfolded in economic uncertainty that is a problematic comparison to a thriving private sector.

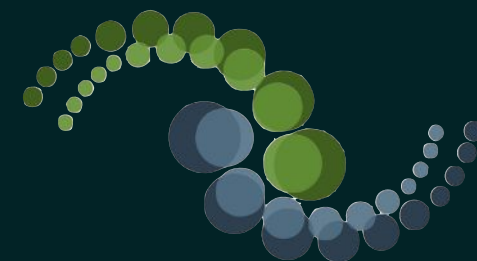
The regional health care industry had been optimistic about the trajectory of the economic environment, adding nearly 700 jobs and \$50 million in wages over the last four years to support the growing health care needs of an aging population. However, when state cuts to Medicaid funding compounded by the potential loss of matching federal dollars, have reversed the growing business confidence of

that sector. The region's mining sector has been growing, while the ship building and construction sectors have contracted.

Fishing remains a vital part of Southeast Alaska, but nearly 700 seafood jobs in the past four years, with wages down by \$22 million. By volume, the catch for 2018 was the lowest in decades, but strong seafood prices have offset losses. The so-called trade war with China is having deleterious impacts on several Southeast fisheries, including seafood, timber, and mining.

Through all of this, the visitor industry has provided a critical counter balance to a capricious economy. In just seven years, the tourism sector added more than 2,000 annualized jobs to Southeast communities, increasing wages by \$65 million. During the summer of 2019, 1.44 million visitors are projected to spend nearly \$200 million during their Southeast Alaska holidays.

The collective result was a flat economy in 2018. Southeast Alaska decreased in population by 80 people, added two jobs, and overall wages grew incrementally. The region persevered through several tough years, but Southeast Alaskans are resilient and remain optimistic about the future. More than a quarter of regional businessmen plan to add jobs in the coming year, and 60% of business leaders expect the coming year to be positive and/or better than last year.



Top 10 Stories
About the
Southeast
Economy

Top 10 Stories About the Southeast Economy

#1 Population is down (again)



DEMOGRAPHICS

Population 72,373



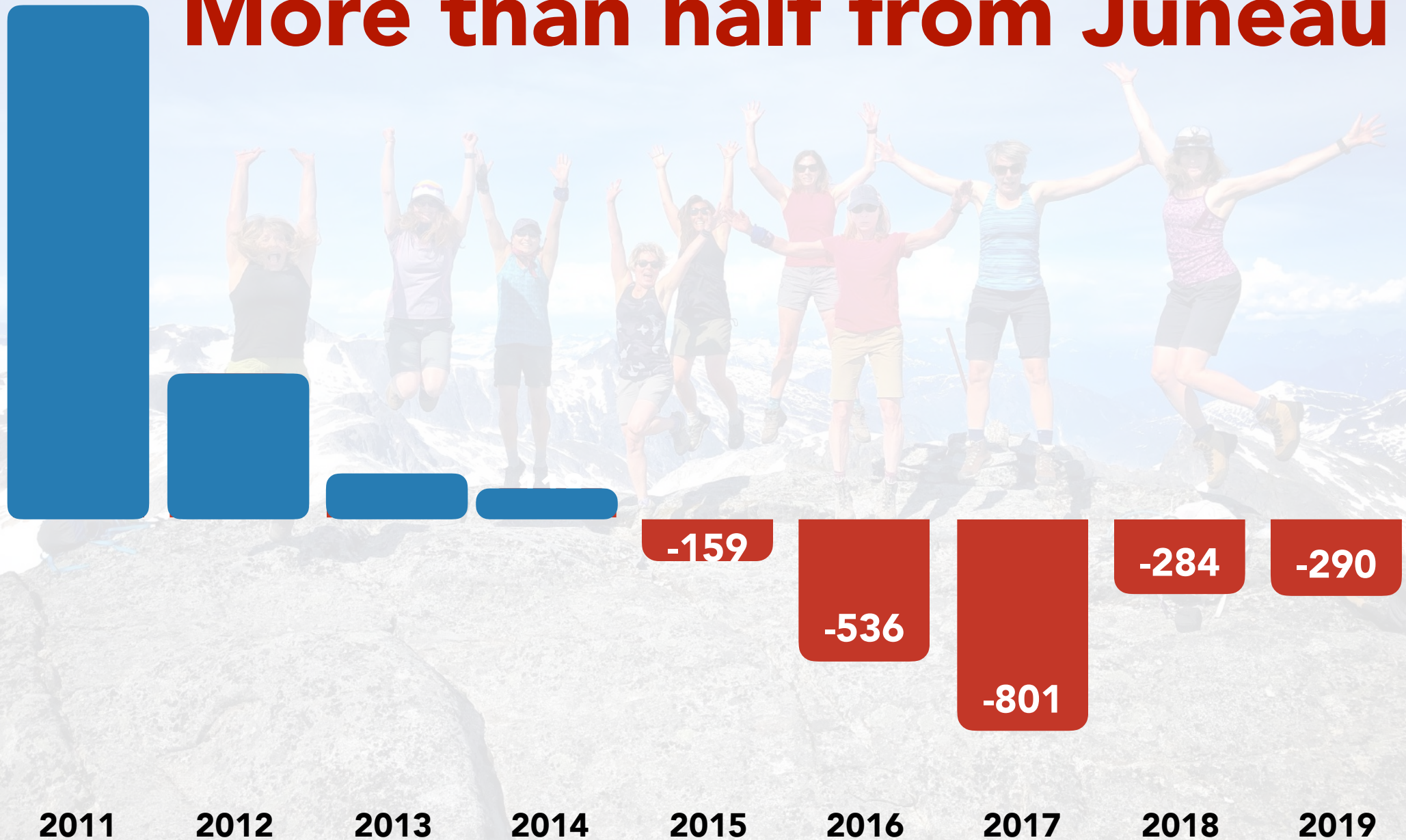
Population

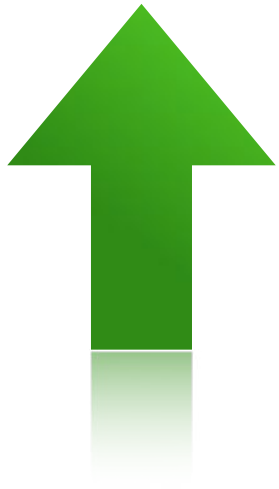
- 2900

5th year in a row of losses

DOWN 2,060 PEOPLE IN 5 YEARS

More than half from Juneau





2019 Change

Haines +44

Thorne Bay +40

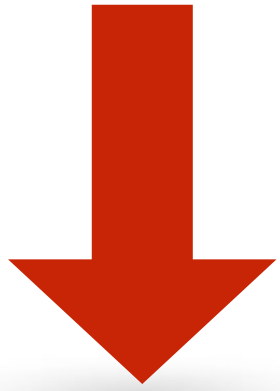
Petersburg +36

Yakutat +19

Naukati +14

Skagway +10

2019 Change



Juneau -191

Sitka -75

Ketchikan -59

Metlakatla -34

Wrangell -18

Craig -17

Top 10 Stories About the Southeast Economy

#2 Early numbers show jobs losses



Jobs 2019

— 83

preliminary

Jobs 2018



MOE



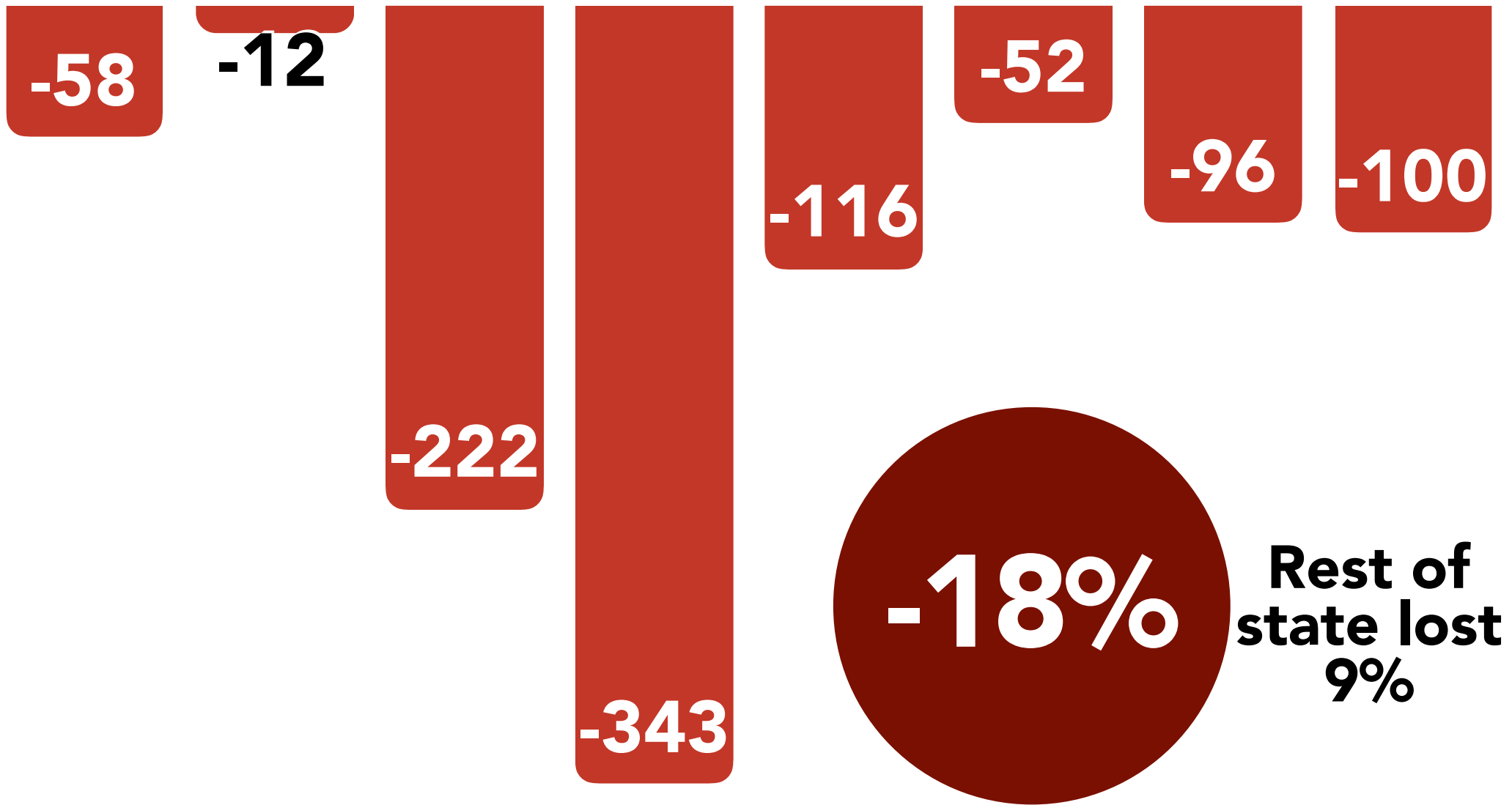
FRED

Top 10 Stories About the Southeast Economy

#3 State job losses are continuing



DOWN -1,000 JOBS IN 8 YEARS



3/4th Juneau

2013

2014

2015

2016

2017

2018

2019

2020

DOWN **-1,000** JOBS IN 8 YEARS



2013

2014

2015

2016

2017

2018

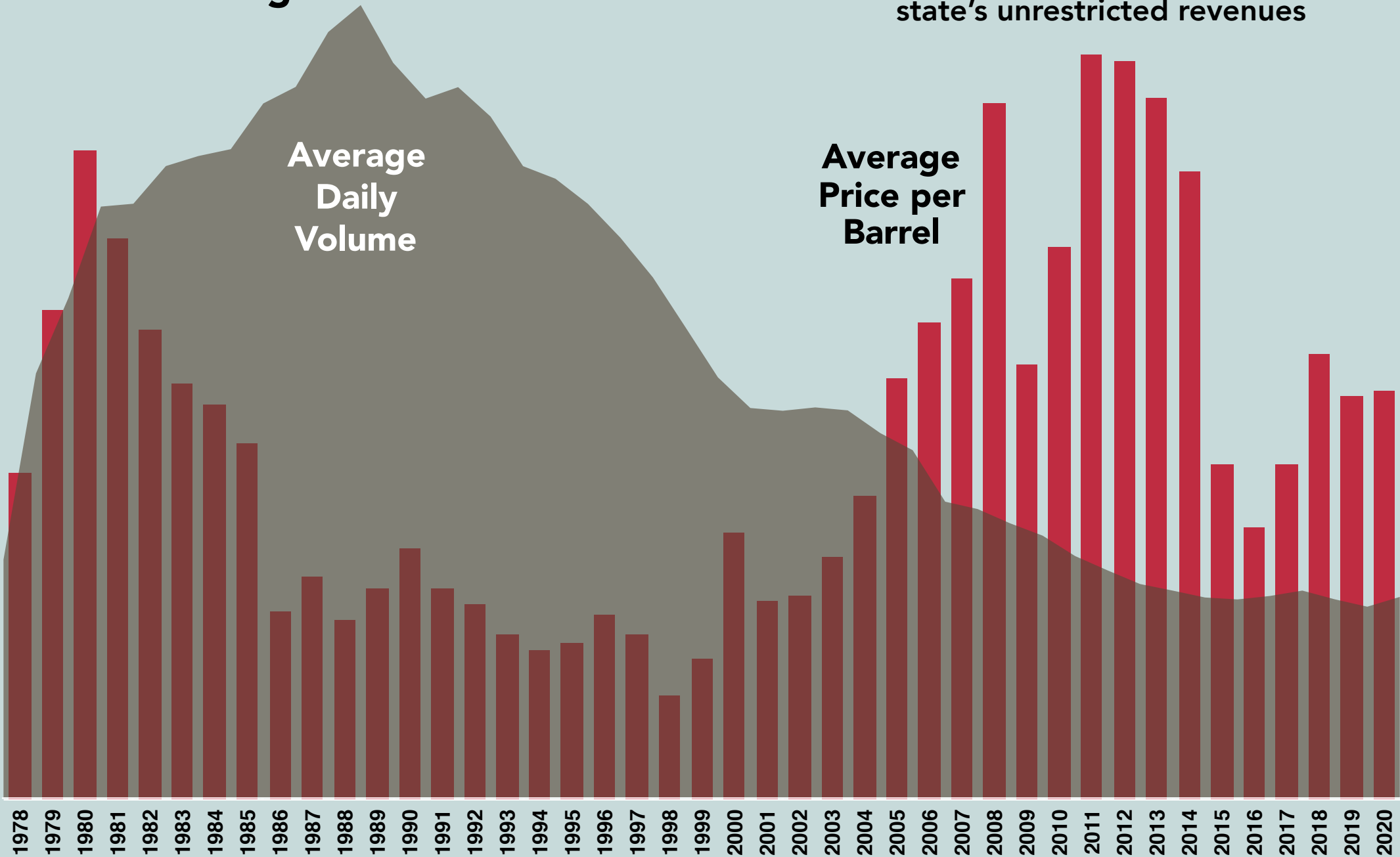
2019

2020

Avg. Daily Volume of the Trans Alaska Pipeline System and Inflation Adjusted Price Per Barrel, 1978-2020

How we got here

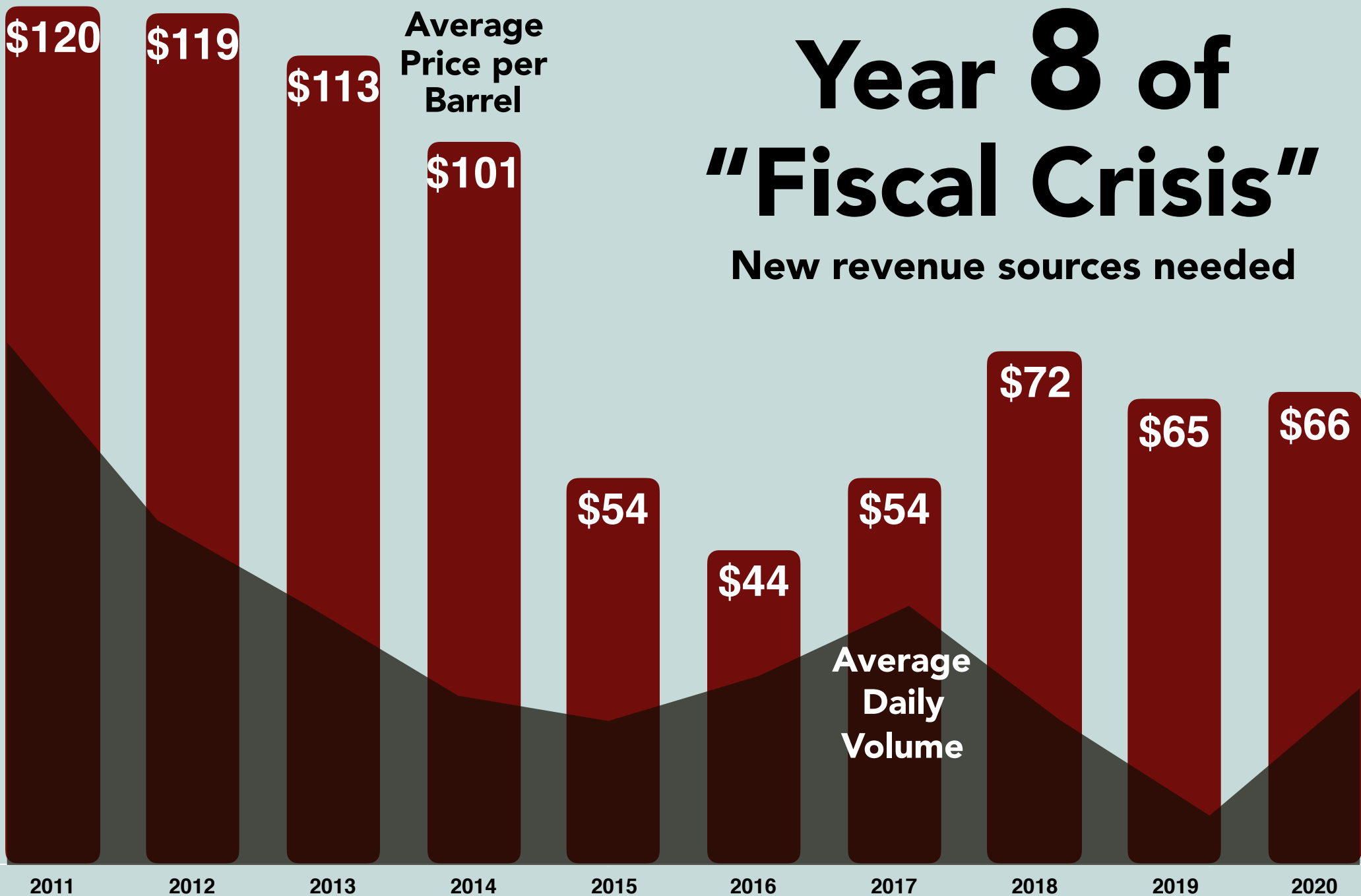
Oil revenues accounted for up to 90 percent of the state's unrestricted revenues



Avg. Daily Volume of the Trans Alaska Pipeline System and Inflation Adjusted Price Per Barrel, 2011-2020

Year 8 of "Fiscal Crisis"

New revenue sources needed



Top 10 Stories About the Southeast Economy

#4 Tourism's
role in
economy is
growing



Tourism 8,004 Jobs
UP 265 JOBS IN 2018 +3%
WAGES UP +8%



Jobs

Annualized

“apples to apples”

jobs

not peak or total

workers

Tourism Up 2,000 JOBS IN 7 YEARS, +\$85 MILLION IN ANNUAL WAGES

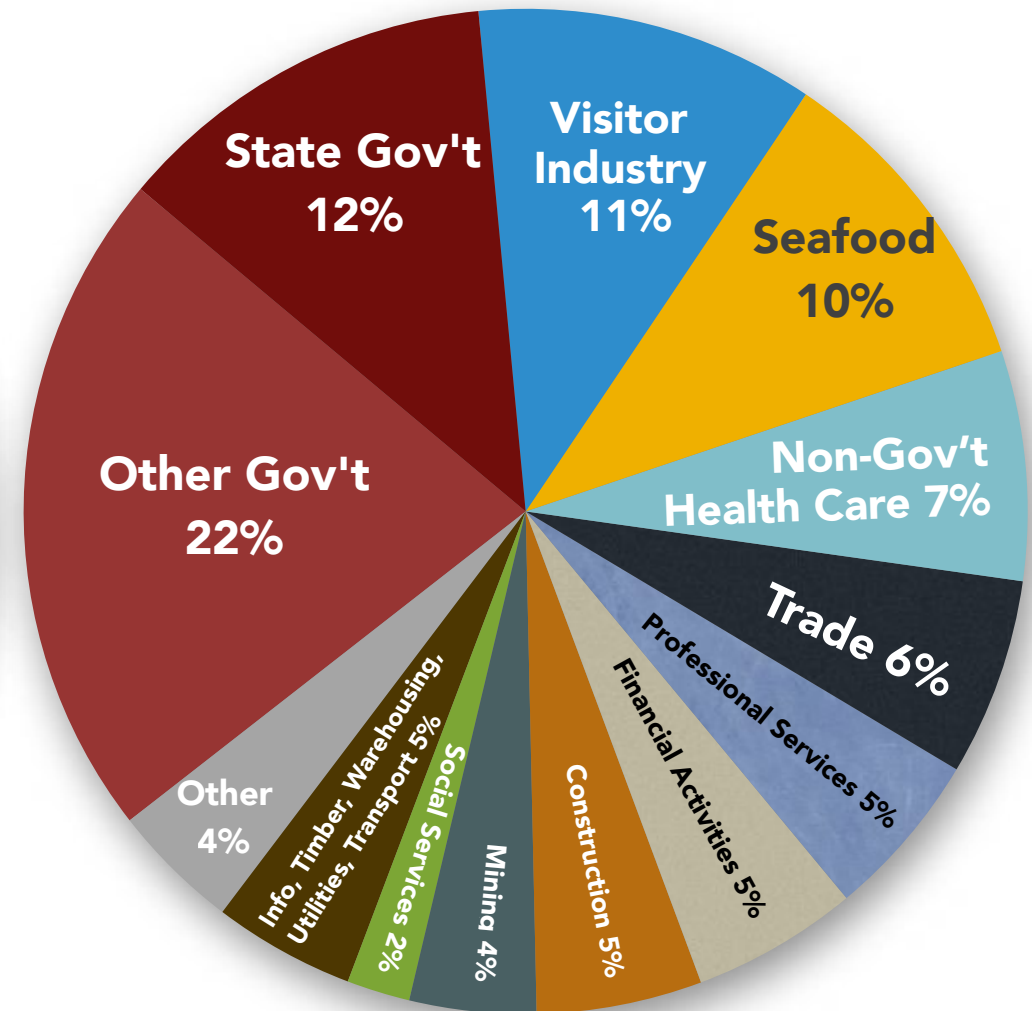
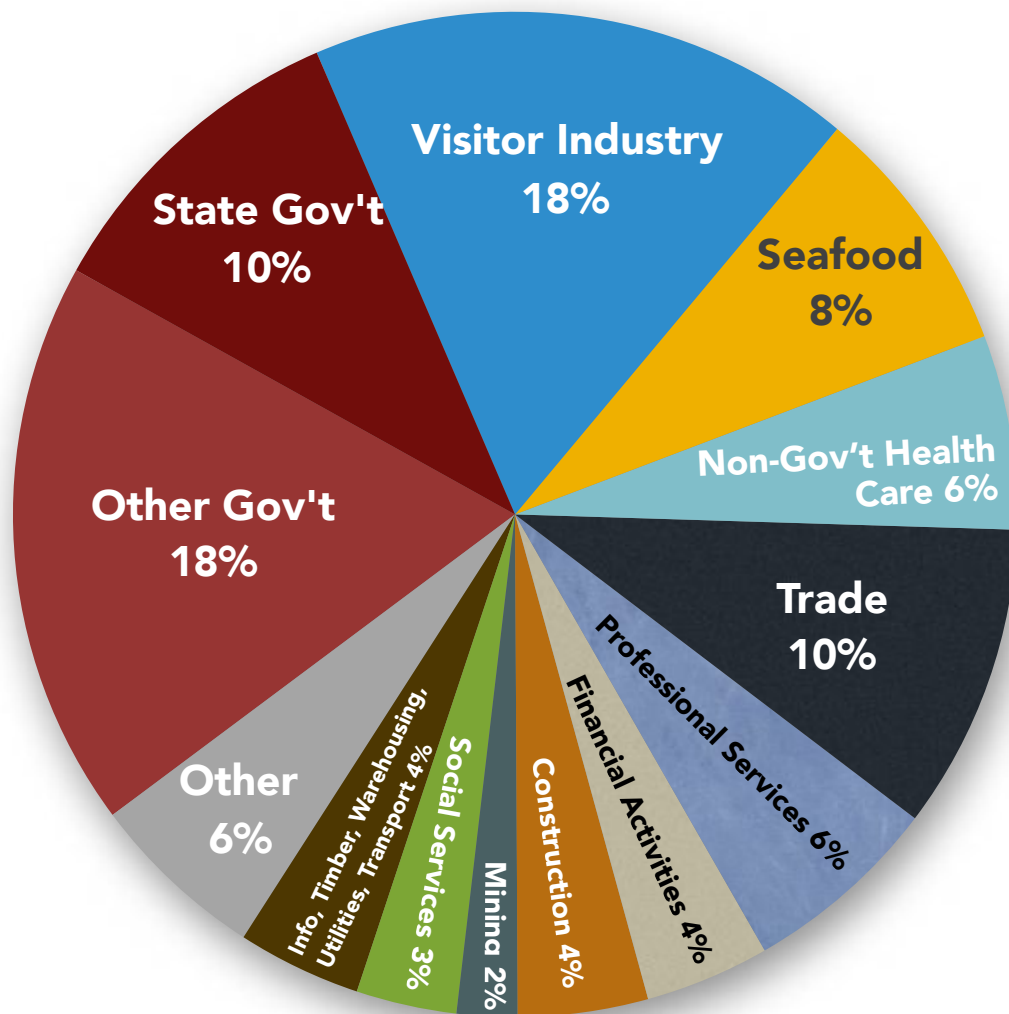


+ 3%

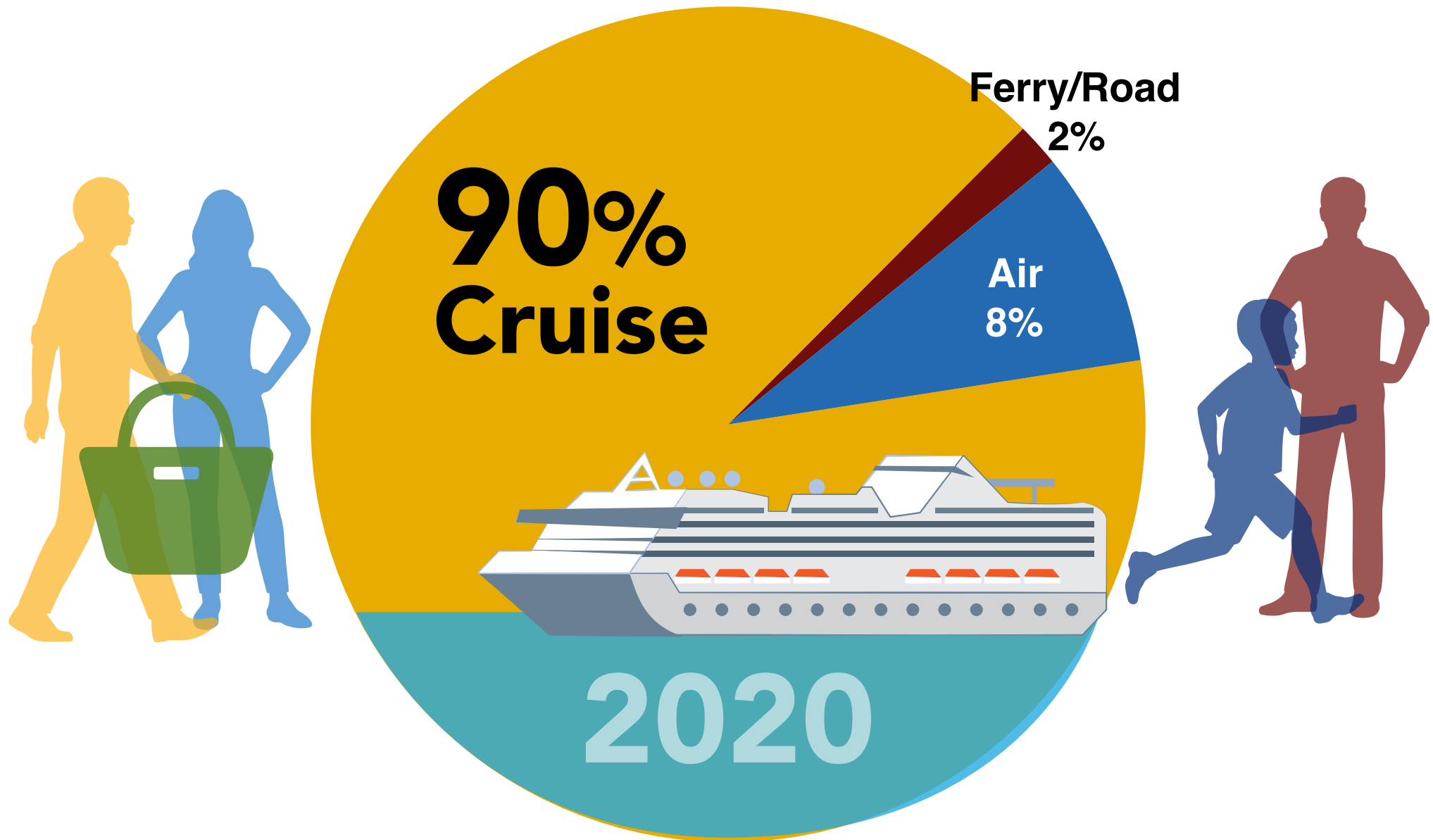
The Whole Southeast Alaska Economy 2018

45,642 Jobs

\$2.3 Billion Workforce Earnings



Tourist Arrivals in Southeast by Mode



**Breaking
Data
Alert**

1.54

Million

2021

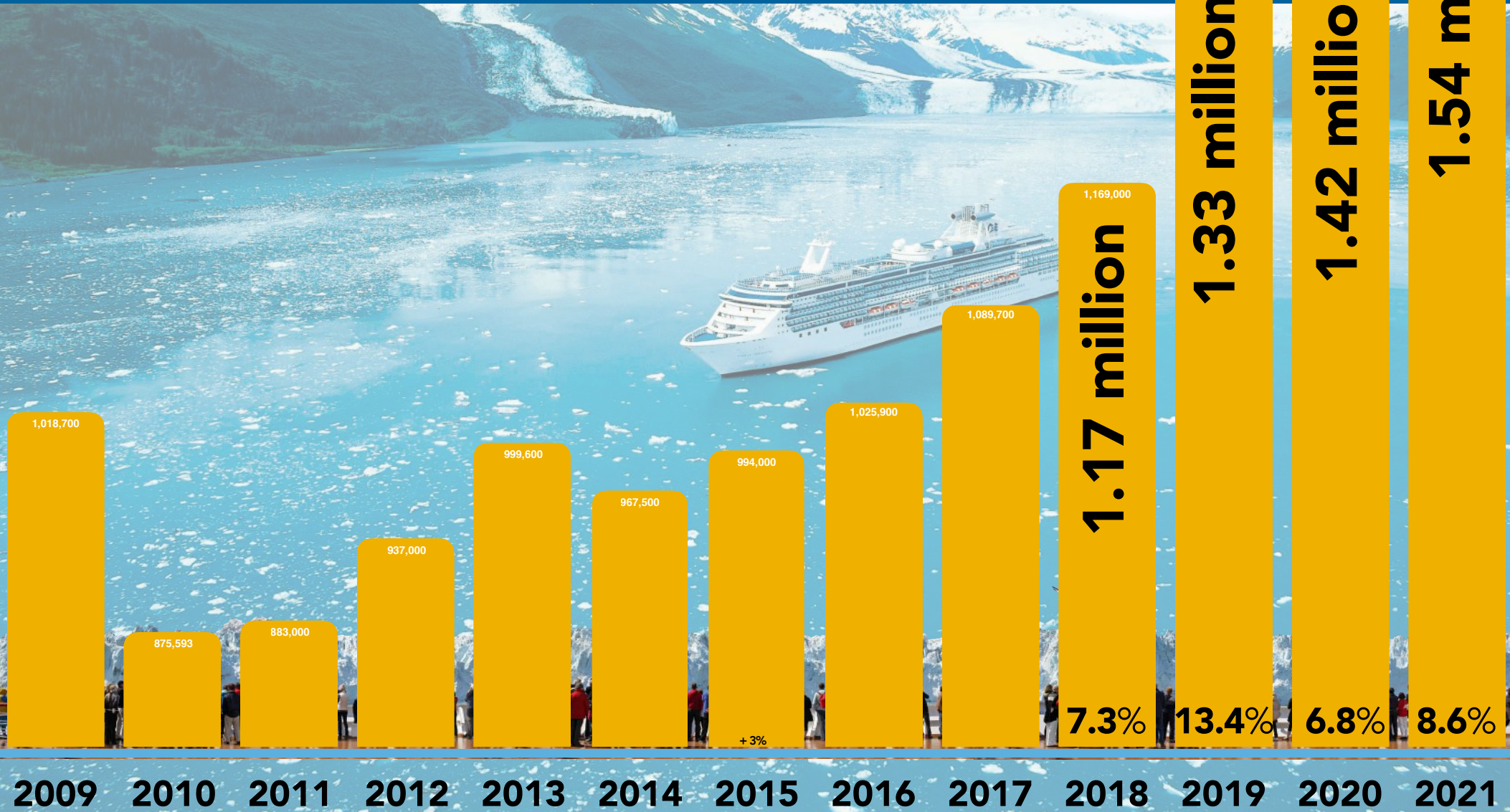
1.54 MILLION

Projected CRUISE Passengers



Projected CRUISE Passengers

Southeast Alaska Cruise Passengers 2009-2020



1.17 million

1.33 million

1.42 million est.

1.54 million est.



Southeast TOURISM Statistics 2020

SOUTHEAST ALASKA CRUISE PASSENGERS ARRIVALS BY PORT

Port	2019	2020 projected	2021 projected	CHANGE 2019 TO 2021
Juneau	1,305,671	1,394,460	1,514,157	16%
Ketchikan	1,186,400	1,239,665	1,361,638	15%
Skagway	1,035,796	1,084,956	1,193,652	15%
Gustavus (Glacier Bay)	632,194	605,142	657,407	4%
Hoonah (Icy Strait Point)	267,183	402,379	402,916	51%
Sitka	218,590	204,970	252,797	16%
Haines	63,375	37,761	33,313	-47%
Wrangell	17,309	17,708	17,202	-1%
Total Southeast	1,325,554	1,415,695	1,537,216	16%

Southeast

2021 1.54 Million

+16%

Change 2019 to 2021

Early Cruise Passenger Projections

Juneau

2021 1.51 Million

+16%

Change 2019 to 2021

Early Cruise Passenger Projections

Ketchikan

2021 1.36 Million

+15%

Change 2019 to 2021

Early Cruise Passenger Projections

Skagway

2021 1.19 Million

+15%

Change 2019 to 2021

Early Cruise Passenger Projections

Glacier Bay

2021 0.6 Million

+4%

Change 2019 to 2021

Early Cruise Passenger Projections

Hoonah

2021 0.4 Million

+51%

Change 2019 to 2021

Early Cruise Passenger Projections

Sitka

2021 0.25 Million

+16%

Change 2019 to 2021

Early Cruise Passenger Projections

Haines

2021 33 thousand

-47%

Change 2019 to 2021

Early Cruise Passenger Projections

Wrangell

2021 17 thousand

-1%

Change 2019 to 2021

Early Cruise Passenger Projections

Southeast TOURISM Statistics 2020

Estimated Regional Visitor Industry Projections for 2020

43

**Cruise Ships in
Southeast**

606

**Cruise Ship
Voyages**

1.42

**Million
Cruise
Passengers**

\$793

**Million in
Tourist
Spending**

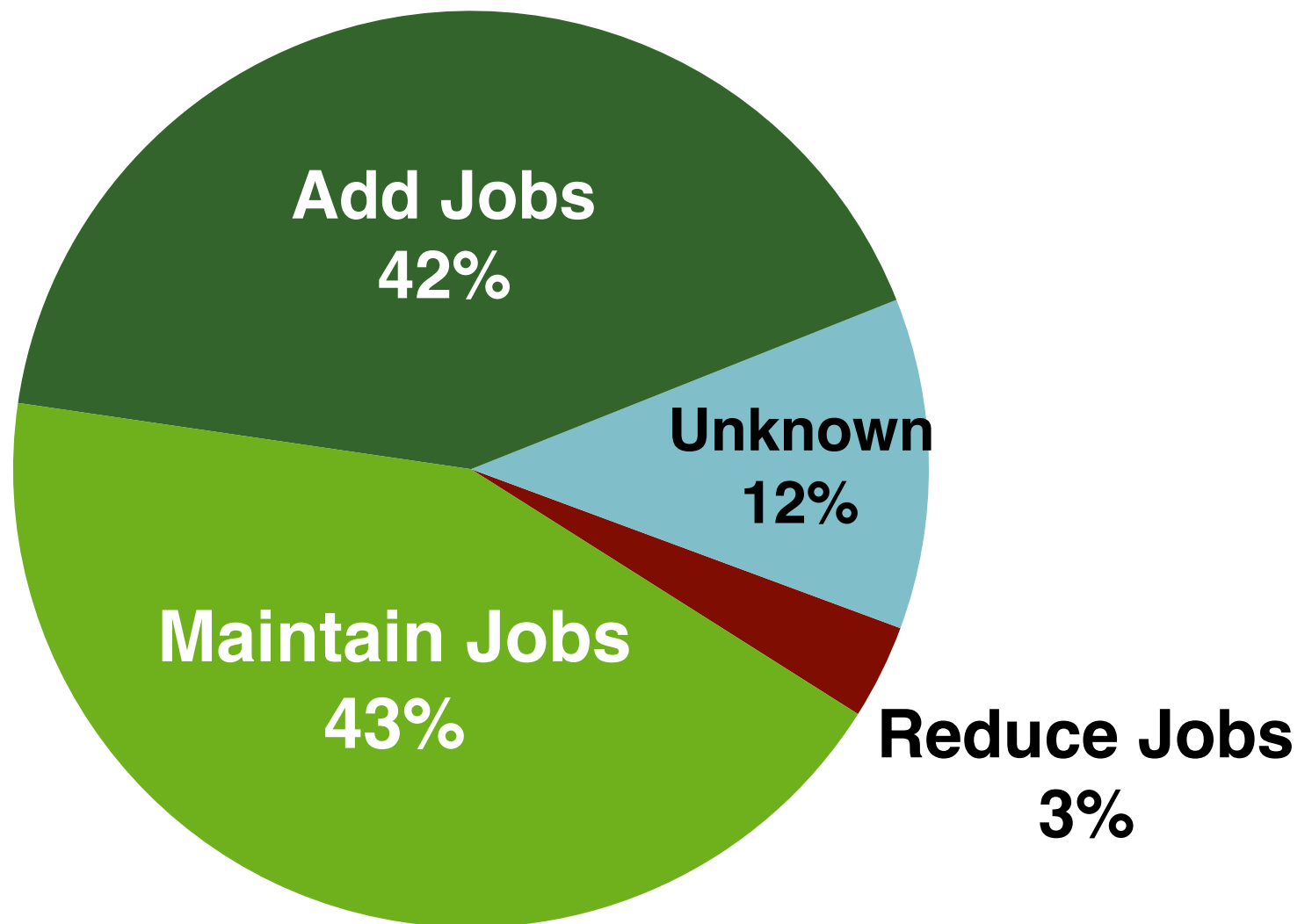


2020



Adding **Tourism Jobs** in 2020

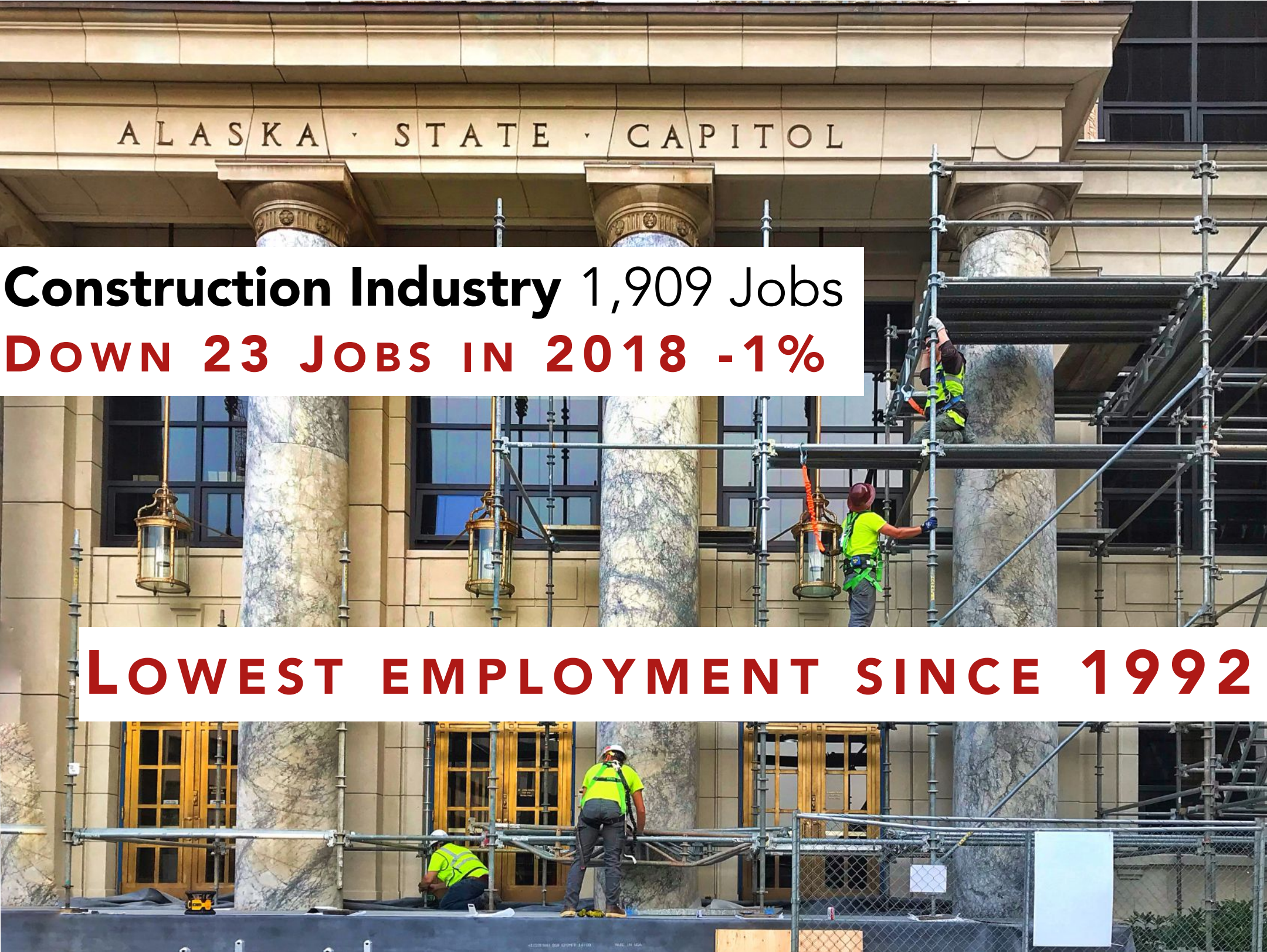
Over the next year, do you expect your organization to add jobs, maintain jobs, reduce jobs, or are you unsure?



Top 10 Stories About the Southeast Economy

#5 Construction is poised to grow, thanks to tourism



The image shows the exterior of the Alaska State Capitol building, which is undergoing renovation. The building features large, classical columns and a prominent pediment with the words "ALASKA STATE CAPITOL" inscribed on it. Scaffolding is erected around the building, and several construction workers in high-visibility vests and hard hats are visible working on the structure. The scene is set during the day under clear skies.

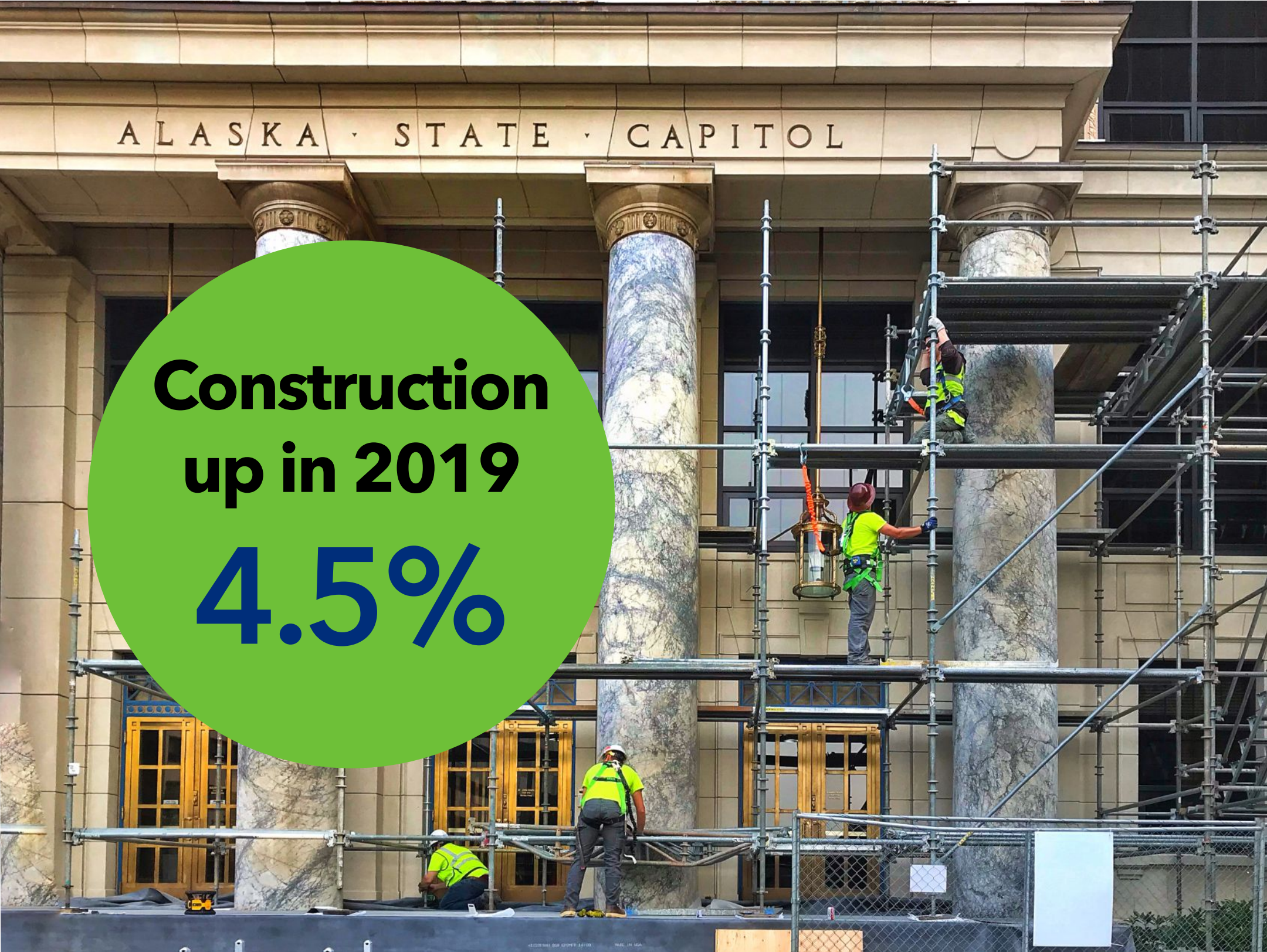
ALASKA · STATE · CAPITOL

**Construction Industry 1,909 Jobs
DOWN 23 JOBS IN 2018 -1%**

LOWEST EMPLOYMENT SINCE 1992

ALASKA · STATE · CAPITOL

**Construction
up in 2019
4.5%**



Top 10 Stories About the Southeast Economy

#6 Seafood is having a series of bad years



Seafood Down 700 JOBS IN 4 YEARS



Seafood
Processing
-11%
2019

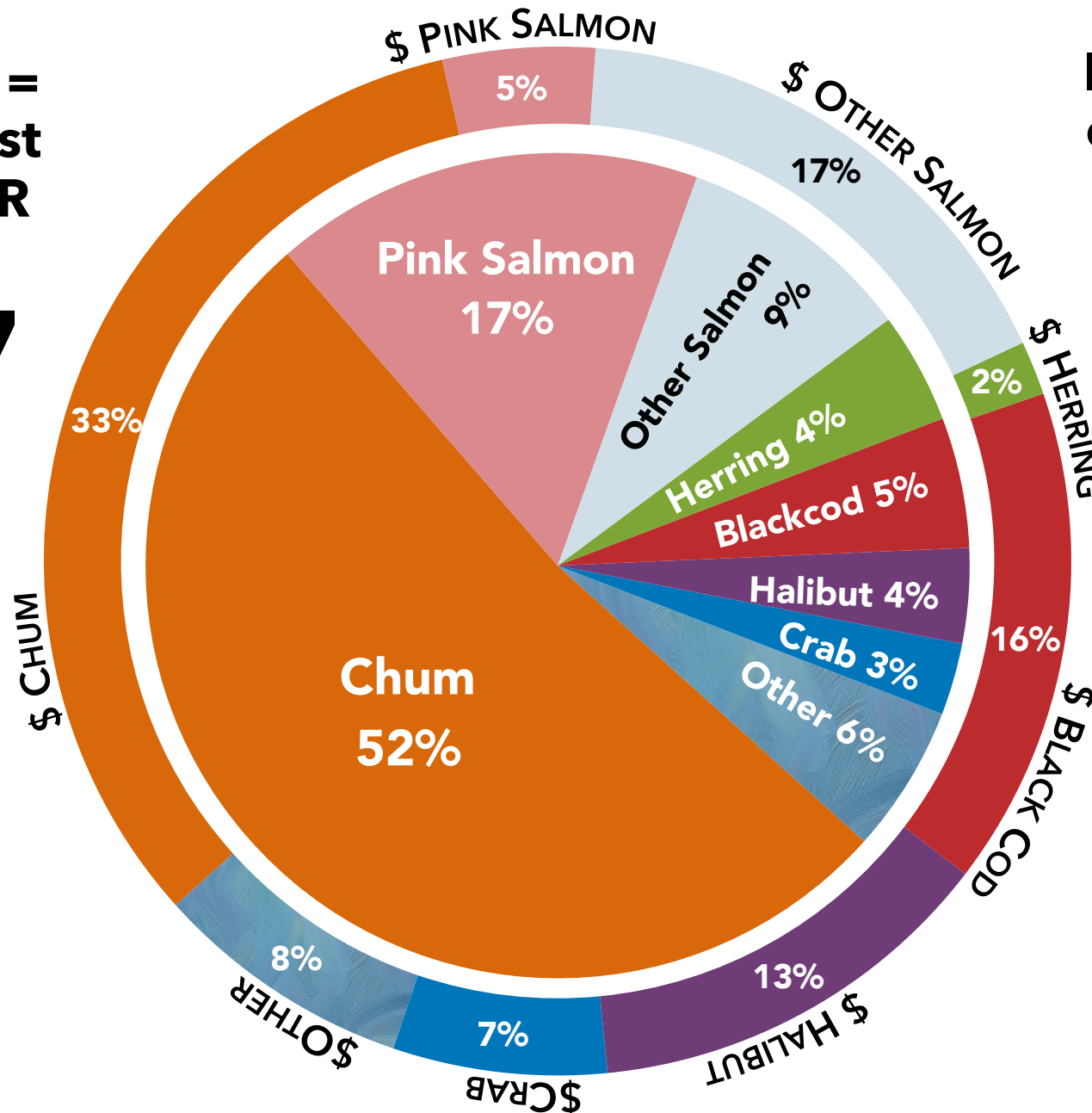
SEAFOOD LANDED IN SE ALASKA BY SPECIES, 2018

Outer ring =
% of harvest
by DOLLAR
value:

\$247
million

Inner pie = %
of harvest by
POUNDS
landed:

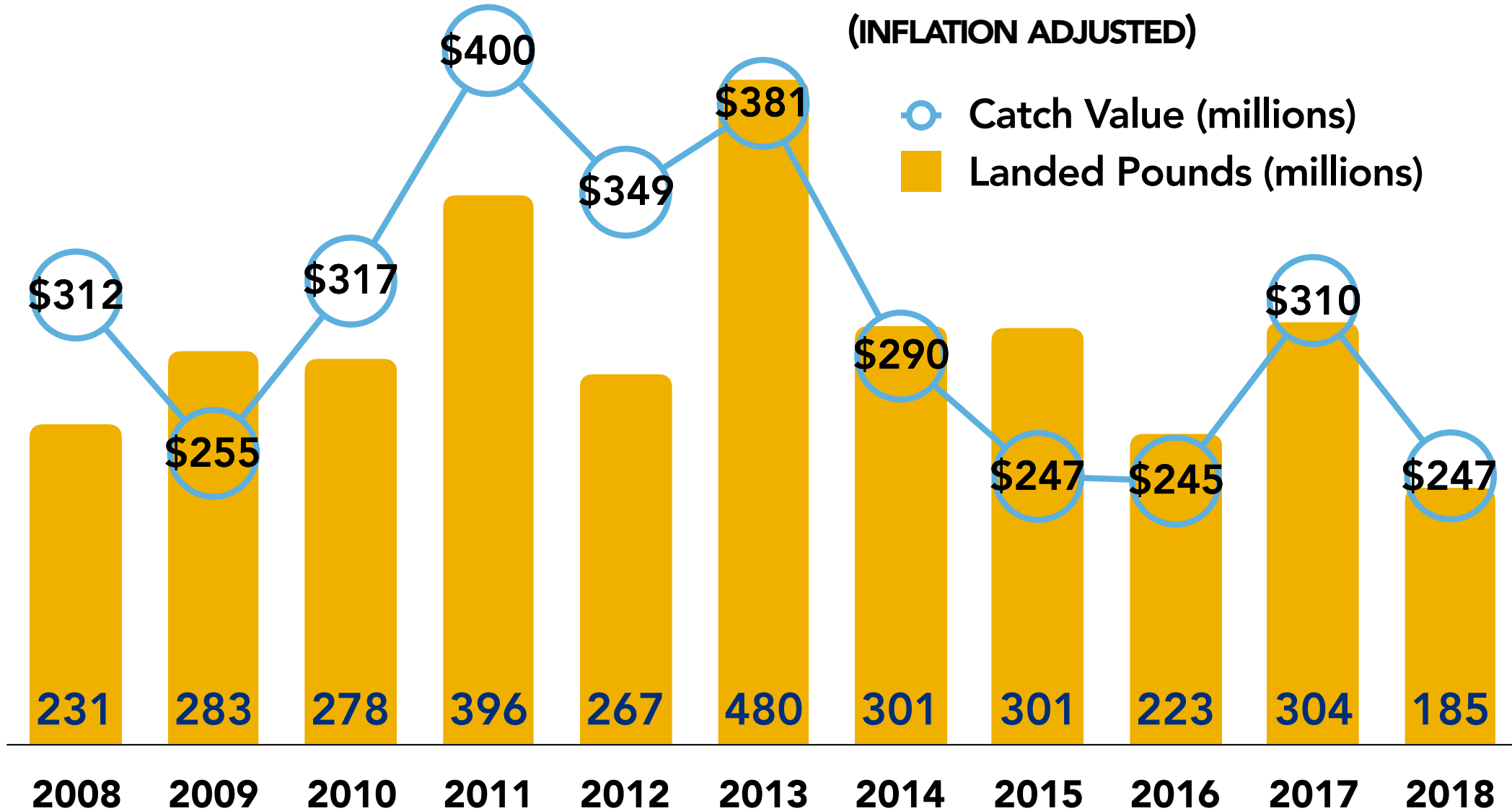
185
million
pounds



Seafood

VALUE & POUNDS OF SEAFOOD LANDED SOUTHEAST ALASKA 2008 TO 2018

(INFLATION ADJUSTED)



LOWEST CATCH SINCE 1980s

2019 was highest value year on record for Dungeness crab in Southeast Alaska



A Dungeness crab (Photo courtesy of ADF&G)

The 2019 commercial Dungeness crab season in Southeast Alaska was the most valuable on record. The summer and fall fisheries brought in \$16.3 million at the docks. KFSK's Angela Denning reports:

Top 10 Stories About the Southeast Economy

#7 We need more health care workers



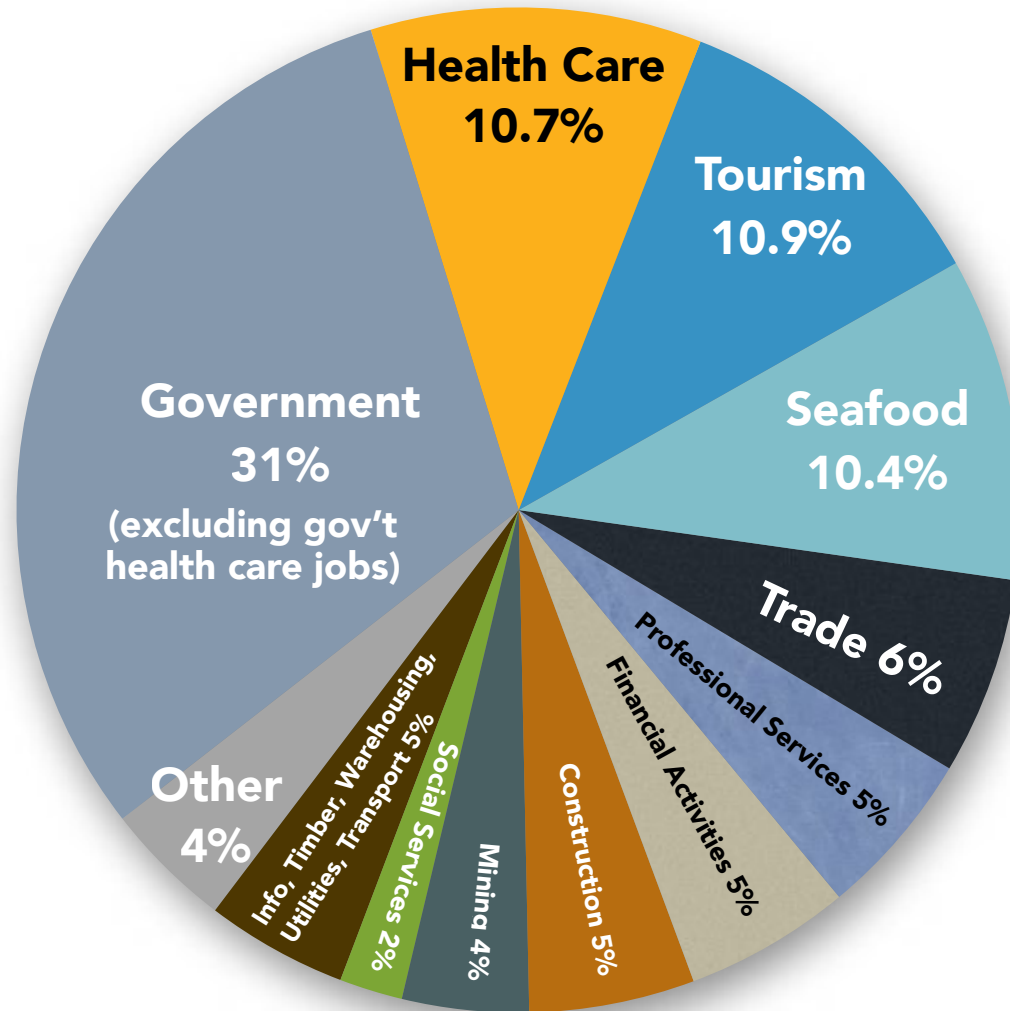


Health Care

**UP 500 JOBS AND
\$50 MILLION IN WAGES
IN 4 YEARS**

Southeast Health Care Earnings

Southeast Alaska Wages 2018



Southeast Alaska Health Care Workforce Analysis

September 2019



Prepared by
Rain Coast Data



ALASKA STATE HOSPITAL &
NURSING HOME ASSOCIATION

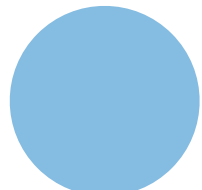
Bartlett
Regional Hospital



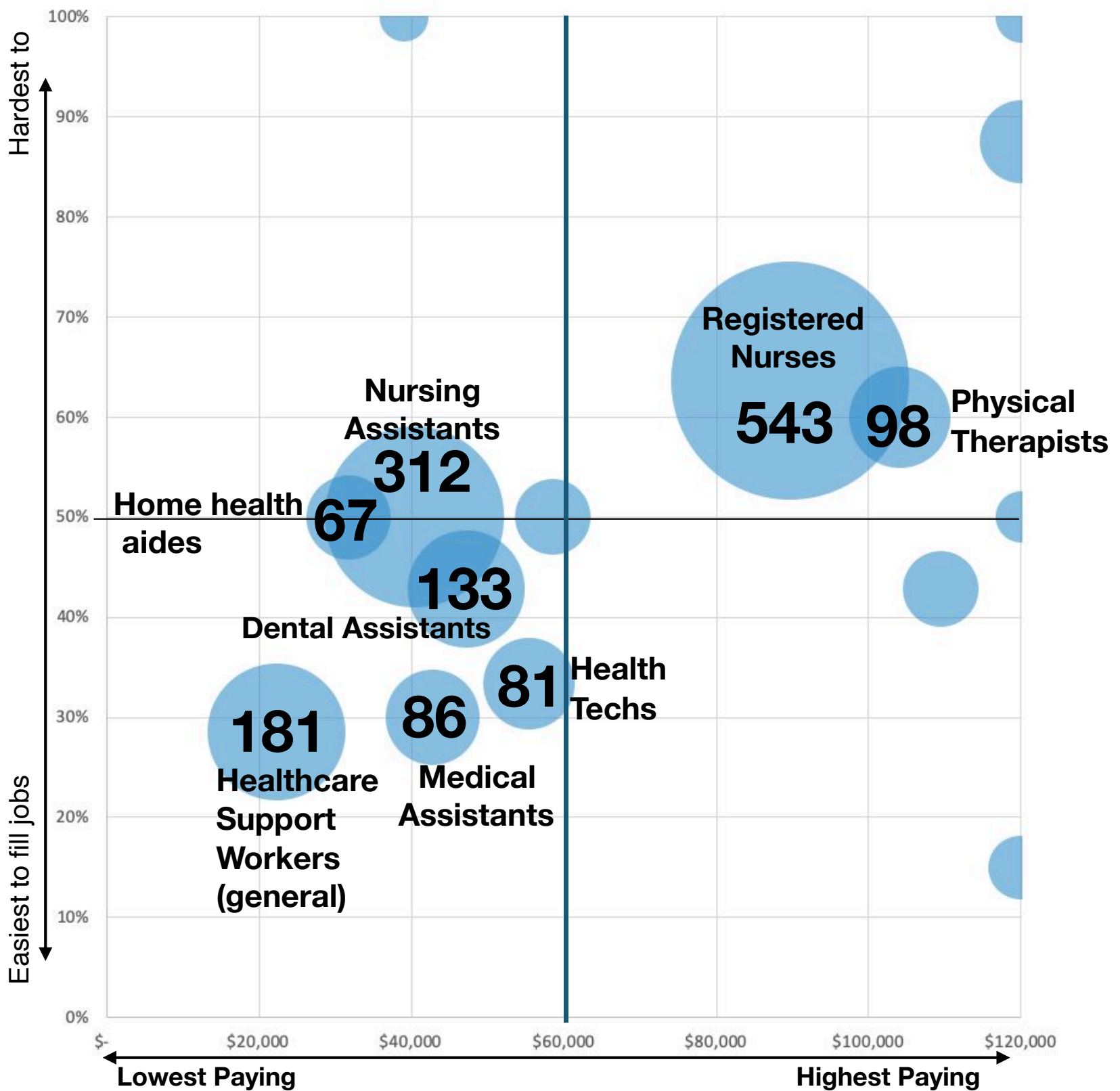
UAA College of Health
UNIVERSITY of ALASKA ANCHORAGE



Graphic of Health Care Workforce 5 Year Development Needs



Size of bubble = total workers needed over the next 5 years to account for worker churn and job growth



PRIMARY RETENTION & TURNOVER FACTORS

The high quality of life, being from Alaska, and access to recreation keep people at their health care jobs in Southeast Alaska.

#1. Overall quality of life

#2. Originally from AK

#3. Recreation

#4. Local arts & culture

#17. Cost of housing

#18. Isolation

#19. Lack of childcare

#20. Cost of living

The high cost of living, lack of childcare, and relative isolation are the primary reasons health care workers quit their jobs. Housing costs and lack of availability also key factors.

Key to Retention

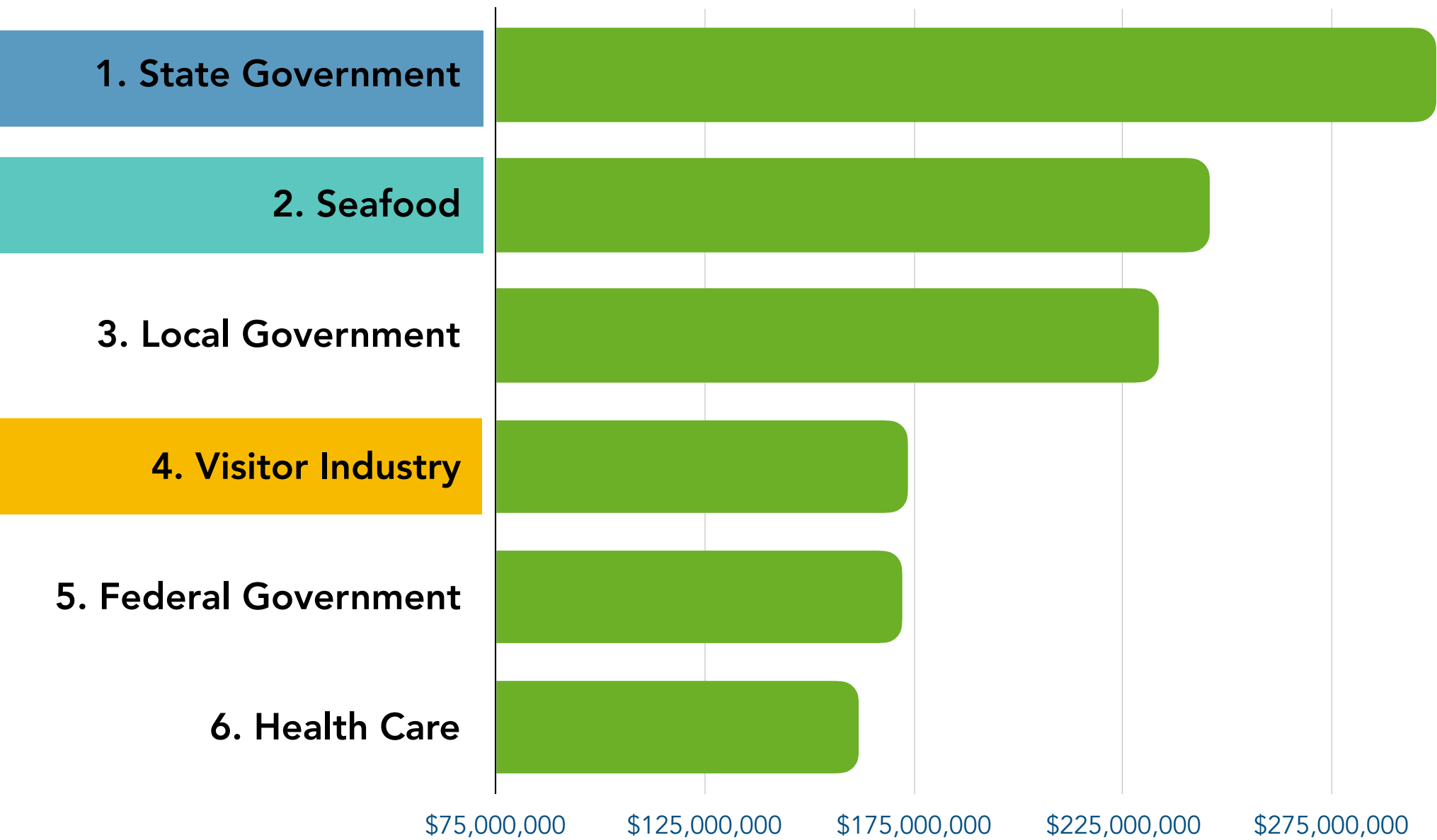
Key to Turnover

Top 10 Stories About the Southeast Economy

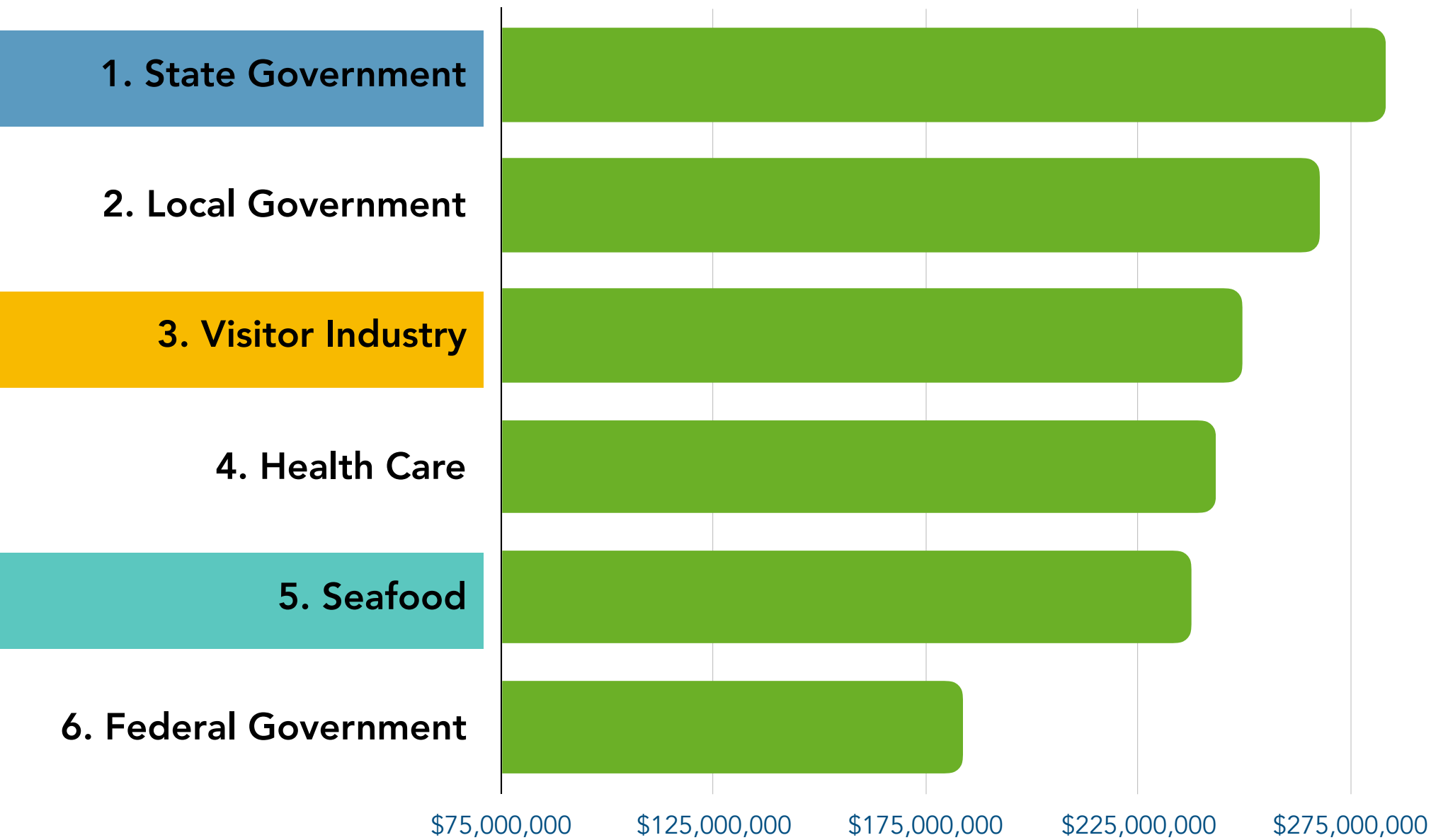
#8 Our top economic sectors are shifting



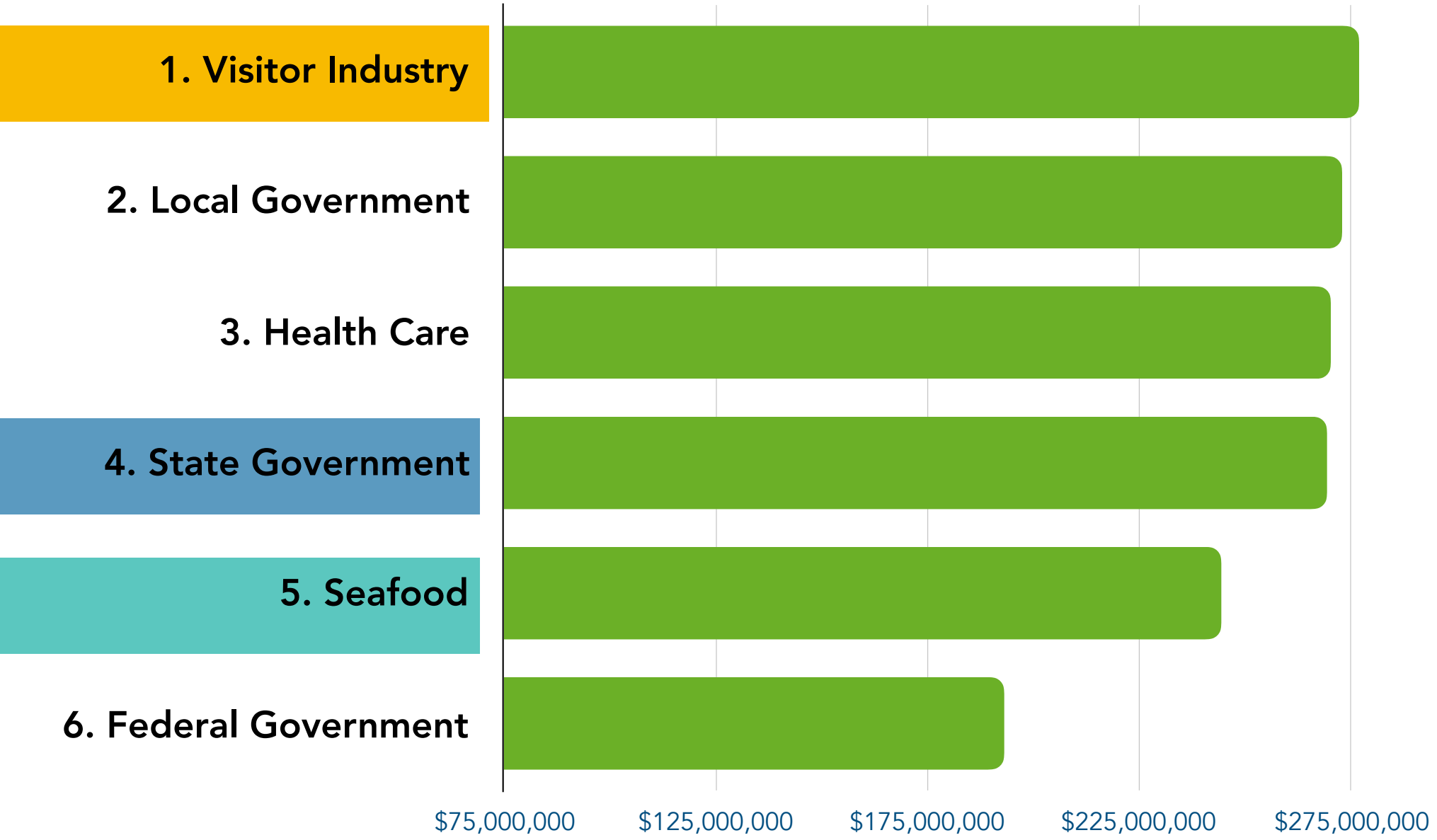
■ 2012 Wages



2018 Wages



2020 Outlook



Top 10 Stories About the Southeast Economy

#9 Other industries are mostly flat





Fishing & Seafood Processing
Jobs: 3,711
-20%



Marine Tourism
Jobs: 1,258
+68%



US Coast Guard
Jobs: 793
+5%



Marine Transportation
Jobs: 367
-5%



Ship Building, Repair, Marinas
Jobs: 326
+73%



Marine-Related Construction
Jobs: 21
-75%

Maritime 6,273 Jobs
DOWN 2 JOBS IN 2018



Mining 889 Jobs
UP 3 JOBS IN 2018



Education 3,096 Jobs
UP 14 JOBS IN 2018 +0%



Timber 337 Jobs

DOWN 17 JOBS IN 2018

Top 10 Stories About the Southeast Economy

10 Deep Economic and **Political** Uncertainty



Budget Cuts Jobs



Budget Cuts and Vetoes



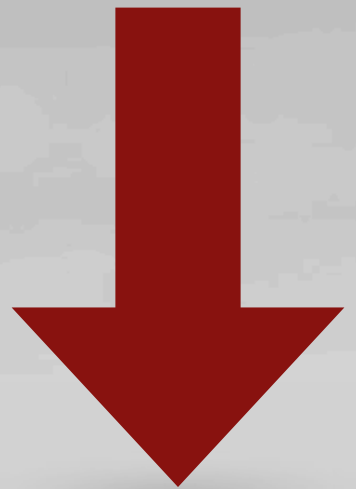
Loss of ferry service

Significant economic impact

Tariffs



Trade War With China



Alaska Drought

Southeast



DRY



MODERATE



SEVERE



EXTREME



EXCEPTIONAL



Drought

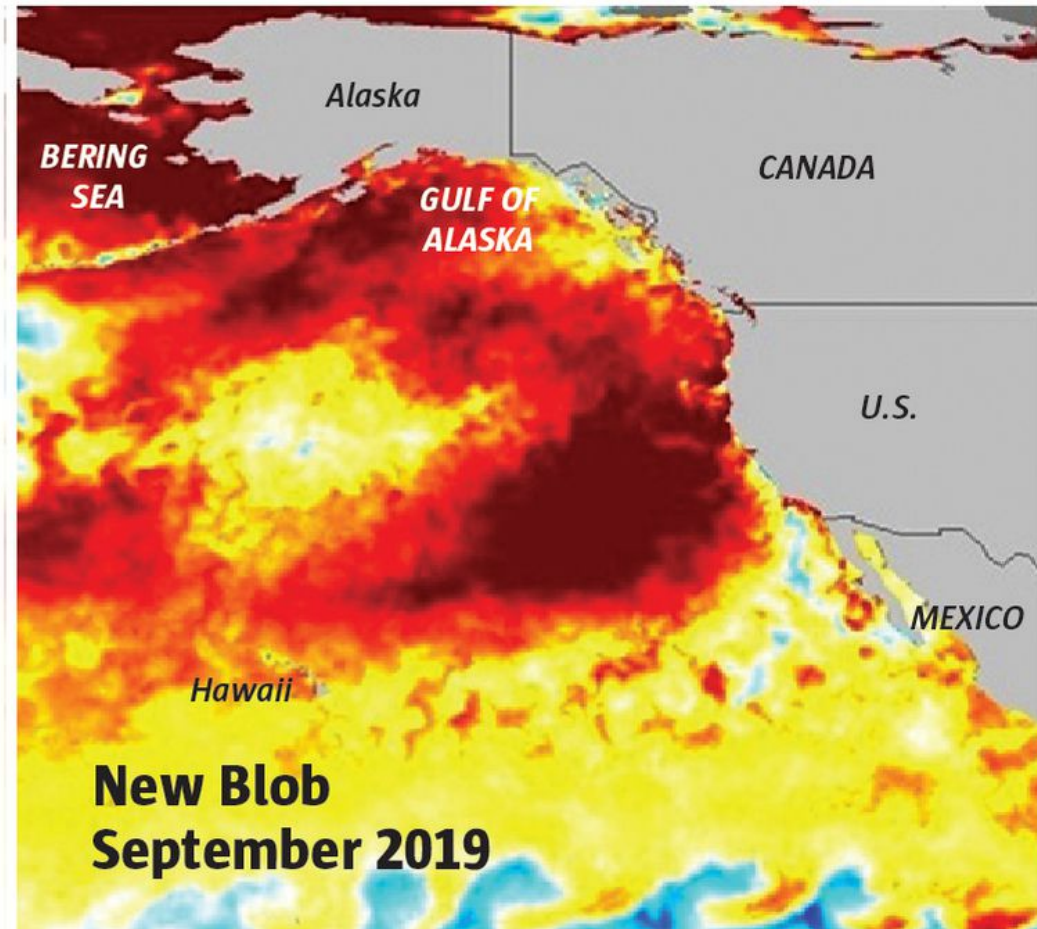
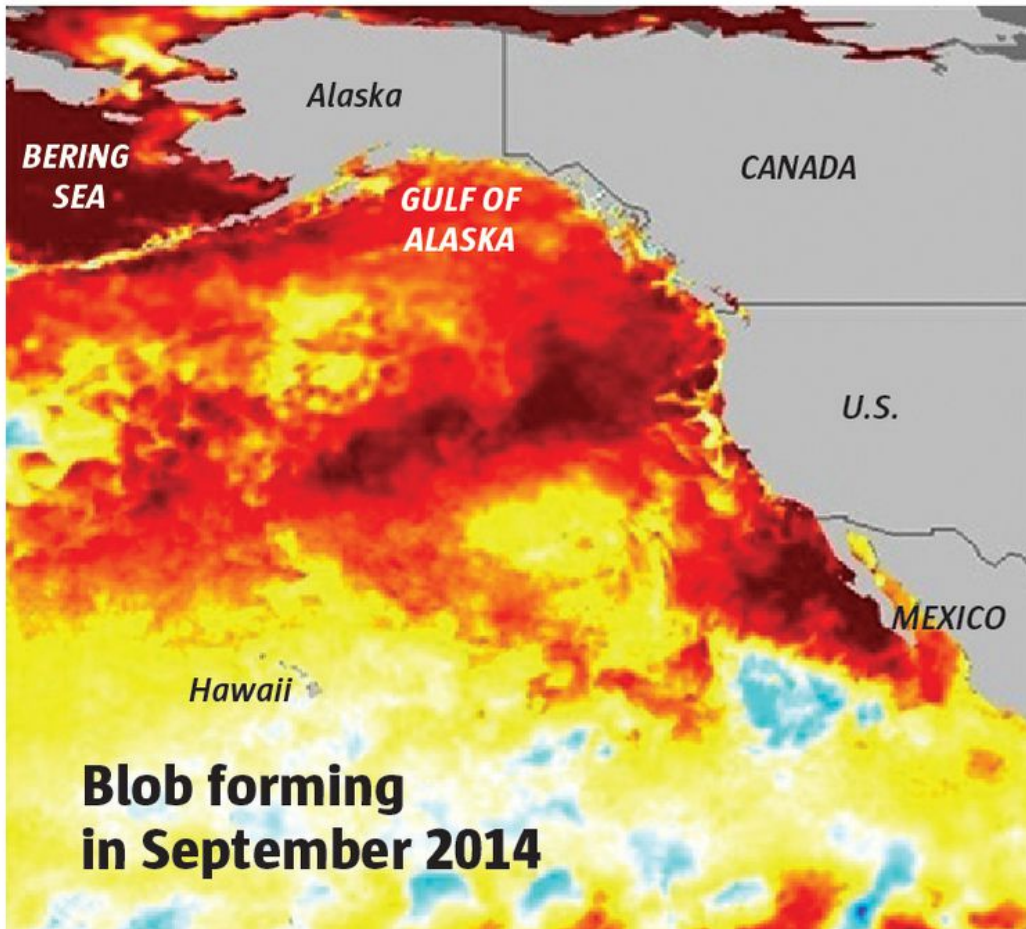
5 ft below normal

The Blob

New marine heat wave forms off West Coast

A similar event began to take shape in 2014, resulting in dire conditions for sea life including salmon. It's not yet known whether the warm conditions this year will continue or dissipate.

Sea surface temperature anomaly
(in degrees Celsius)



**What can
we do
about it?**



2025

Southeast Alaska
Economic Plan

NATIONAL ASSOCIATION OF
DEVELOPMENT ORGANIZATIONS

- Plan is winner of the 2018 NADO **Innovation Award**
- “The region’s current CEDS Southeast Alaska 2020 is **one of the best examples in the country...**”

Southeast Alaska 2020 Economic Plan

Southeast Conference’s Comprehensive
Economic Development Strategy
2016-2020



May 2016



Prepared by
Rain Coast Data

Southeast Alaska 5 Year Plan

Promote strong economies, healthy communities, and a quality environment in Southeast Alaska.

Transportation



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.

Energy



Work with Federal and State Government to Promote Regional Energy Projects.
Diesel Displacement.
Support Community Efforts to Create Sustainable Power Systems That Provide Affordable/Renewable Energy.
Complete Regional Hydrosite Evaluation for Southeast Alaska.

Maritime Maritime Industrial Support



Maritime Industrial Support Sector Talent Pipeline: Maritime Workforce Development Plan.
Increase Access to Capital for the Regional Maritime Industrial Support Sector.
Harbor Improvements.
Examine Arctic Exploration Opportunities That the Region as a Whole Can Provide.

Seafood Industry



Mariculture Development.
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.

Visitor Industry



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 Adequate Funding to Maintain Existing Recreational Infrastructure.

Timber Industry



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.

Other Objectives



Housing: Support Housing Development.
Food Security: Increase Production, Accessibility, and Demand of Local Foods.
Communications: Improved Access to Telemedicine in Southeast Alaska.
Marketing: Market Southeast Alaska as a Region.
Solid Waste: Regional Solid Waste Disposal.
Arts: Increase Recognition of Southeast Alaska's Thriving Arts Economy.
Mining: Minerals & Mining Workforce Development.
Attract Research Jobs.
Research: Attract Science and Research Jobs to Southeast Alaska.
Cultural Wellness: Support Development of Activities and Infrastructure That Promote Cultural Wellness.



Timeline: Where are we in process?



You Are Here



TRANSPORTATION

HEALTH CARE

MARITIME

ENERGY

**CEDS
Steering
Committee**

TOURISM

MINING

**Southeast Conference
Committees**

TIMBER

SEAFOOD

TRANSPORTATION



HEALTH CARE



MARITIME



ENERGY



MINING



TOURISM



TIMBER



ECONOMIC DEVELOPMENT

CEDS Steering Committee

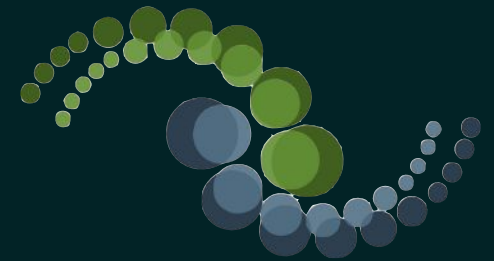
Southeast Conference Committee Chairs

SOUTHEAST ALASKA

By the Numbers
2019



Meilani Schijvens
Rain Coast Data



Thank You