2019 Southeast Economic Theme
224 Pre-registrants
224 Pre-registrants

149 Organizations
224 Pre-registrants
149 Organizations

26 Communities
-$1.6 Billion

February 13
Projected Budget Cut 2019
About Southeast Alaska

- 34 Communities
- 1,000+ Islands
- 500 Miles
- 18,500 shoreline
- 10% of AK Economy
- 1/4 Alaska Native
Southeast Alaska’s Report Card 2016

**Increasing Jobs**
Down 1,000 Jobs -2%

**Increasing Earnings**
Down $29 Million -1%

**Increasing Population**
Down 500 -1%
Southeast Alaska’s Report Card 2017

Increasing Jobs
Up 380 Jobs 0.8%

Increasing Earnings
Up $17 Million 0.8%

Decreasing Population
Down 900 People -1.2%
Southeast Alaska’s Report Card

**Increasing Jobs**
Up 380 Jobs 0.8%

**Increasing Earnings**
Up $17 Million 0.8%

**Decreasing Population**
Down 900 People -1.2%

2017

2018?

-21

-80
72,876 People

-80 people

Demographics

Year: 2000-2018
Population: 73,082 - 72,876
4th Year of Declines

-1,600 people
Half+ Losses From Juneau

-900 people -3%

-310 Kids

-380 20s

-200 30s & 40s
2018 Change

Petersburg +63
Ketchikan +61
Hoonah +40
Wrangell +37
Haines +22
Hydaburg +22
2018 Change

Sitka -96
Klawock -56
Juneau -55
Coffman Cove -30
Metlakatla -26
Yakutat -20

Oil revenues historically accounted for 90 percent of the state’s unrestricted revenues.

How we got here

Average Daily Volume

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

Average Price per Barrel

Where are we going?
Average Price per Barrel

<table>
<thead>
<tr>
<th>Year</th>
<th>Price per Barrel</th>
</tr>
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<tbody>
<tr>
<td>2012</td>
<td>$119</td>
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<tr>
<td>2013</td>
<td>$113</td>
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<td>2014</td>
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<td>2017</td>
<td>$54</td>
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<td>2018</td>
<td>$72</td>
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<tr>
<td>2019</td>
<td>$60</td>
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</tbody>
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Now = $61
ANS WC

Oil revenues historically accounted for **90 percent** of the state’s unrestricted revenues

Now its **30%**

- State revenues **-70%** from FY13 to FY18
- State budget was **-40%** over this period
- **$14 billion** in savings spent
State Savings Used

$14 Billion
State jobs outside of Southeast Alaska fell by 7.5%
State Government Job Losses

loss of -850

-15%
Capital Appropriations for Southeast in Millions

- FY12: $385
- FY13: $260
- FY14: $215
- FY15: $183
- FY16: $107
- FY17: $47
- FY18: $9
- FY19: $15

-96% decrease
Southeast Alaska Employment Earnings

$2.2 billion
45,640 Jobs

- Government 35%
- Visitor Industry 11%
- Seafood 10%
- Trade 7%
- Private Health Care 7%
- Construction 6%
- Professional Services 5%
- Financial Activities 5%
- Social, Info, Timber 4%
- Mining 4%
- Other 7%
Government wages = 35% of all employment

Federal 8%
State 13%
Local 12%
Tribal 2%

Government 13,250 Jobs
ESTIMATE DOWN 100 JOBS 2018
State Jobs

Estimate down 80 jobs 2018

-15%

State 13%
Municipal Jobs Estimate Down 20 Jobs 2018
Federal Jobs Estimate Flat in 2018

-28% Since 2006
Government Job Losses

Last 15 years loss of 1,500 State and Federal Jobs = a loss of $100 million in annual wages
Visitor Industry 7,740 Jobs

Up 1,900 Jobs +32% since 2010
+$58 Million
Cruise Passengers
25% increase 2017-2019
55% increase 2010-2019

1,030,100 1,018,700 875,593 883,000 937,000 999,600 994,000 967,500 994,000 1,025,900 1,089,700 1,165,500 1,361,400

1.09 million 2017
1.17 million 2018
1.36 million 2019 est.

+ 6%
+ 7%
+ 17%
Tourist Spending in Southeast

$657 Million

$487 per SE visitor

AVSP VII 2016
Glacier Bay was the highest-rated cruise destination in the world in 2018. 

Cruise Critic
Tourists into Southeast by Mode

- Cruise: 86%
- Air: 11%
- Ferry/Road: 3%
- Dogsled: 0.0001%
Airline Trends:

2018 = top year ever
24% since 2012
Value & Pounds of Seafood Landed in Southeast Alaska Ten Years

- **2008**: Value $246, Landed 220
- **2009**: Value $246, Landed 283
- **2010**: Value $306, Landed 278
- **2011**: Value $386, Landed 396
- **2012**: Value $337, Landed 267
- **2013**: Value $368, Landed 479
- **2014**: Value $280, Landed 301
- **2015**: Value $238, Landed 301
- **2016**: Value $222, Landed 223
- **2017**: Value $289, Landed 302

Inflation Adjusted Value to Fishermen (millions)

Landed Pounds (millions)
Seafood Industry

- **Pink Salmon**: 44%
- **Other Salmon**: 38%
- **Herring**: 12%
- **Blackcod**: 3%
- **Halibut**: 2%
- **Crab**: 2%
- **Other**: 3%

3,854 Jobs
Healthcare 3,426 Jobs

- 2012: $173
- 2013: $172
- 2014: $175
- 2015: $182
- 2016: $189
- 2017: $197
Healthcare

JOBS SINCE 2017 +4.5%

3,426 Jobs

9% of all SE earnings

Estimated

- $150
- $175
- $197

2012 2013 2014 2015 2016 2017

3,426 Jobs
Construction Industry 1,900 Jobs

Estimate Down 70 Jobs in 2018

Lowest since 1992
Mining Industry
886 Jobs
Up 90 Jobs in 2017
Jobs +11%

Gold Prices

2010 $1,225 2011 $1,572 2012 $1,669 2013 $1,411 2014 $1,266 2015 $1,160 2016 $1,239 2017 $1,271 2018 $1,269 2019 $1,297
Timber Industry
354 Jobs
Down -3%
1983 to 2017
Southeast Alaska’s Blue Economy

Southeast Maritime Earnings 24%
How do you view the regional business climate right now?

- Very Poor: 6%
- Poor: 38%
- Don't know: 1%
- Much Better: 5%
- Better: 50%

44% Concerned

15% Decrease from 2015

55% Positive
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).”

**Information Technology:**
“Lack of fiscal certainty and general uncertainty in the market causes us to be more conservative, especially in hiring.

**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.”

**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 had to travel more for business and also had to cultivate clients out of region. Money is tighter here in SE.”

**Real Estate:**
“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.”
Annual Business Confidence

What is the economic outlook for your business or industry over the next year?

66% Optimistic

- Much Better 2%
- Same (positive) 37%
- Better 27%
- Same (poor) 18%
- Worse 14%
- Much Worse 2%

34% Concerned
What is the economic outlook for your business or industry compared to last year?

**By Industry**
- **Seafood**: 66% Worse, 33% Same (poor), 1% Much Worse
- **Energy**: 60% Worse, 40% Same (poor), 0% Much Worse
- **Financial Activities**: 57% Worse, 43% Same (poor), 0% Much Worse
- **Construction**: 50% Worse, 50% Same (poor), 0% Much Worse
- **Food/Beverage**: 44% Worse, 56% Same (poor), 0% Much Worse

**By Community**
- **Petersburg**: 80% Worse, 0% Same (poor), 0% Much Worse
- **Hoonah**: 60% Worse, 40% Same (poor), 0% Much Worse
- **Wrangell**: 50% Worse, 50% Same (poor), 0% Much Worse
- **Sitka**: 41% Worse, 59% Same (poor), 0% Much Worse
- **Juneau**: 35% Worse, 65% Same (poor), 0% Much Worse
What is the economic outlook for your business or industry compared to last year?

**By Industry**

- **Health Care**: 60%
- **Tourism**: 54%
- **Real Estate**: 50%
- **Arts**: 45%

**By Community**

- **Skagway**: 71%
- **Haines**: 67%
- **Prince of Wales**: 35%
- **Sitka**: 34%
• 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…”
Tourism
Health Care
Mining
State Fiscal Crisis
Seafood Volatility

2019 Southeast Economic Theme
SOUTHEAST ALASKA by the Numbers 2018