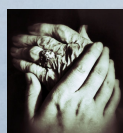


Southeast Alaska by the Numbers 2014



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SEPTEMBER 2014

Changes in Southeast Alaska: 2012 to 2013



THE REGIONAL POPULATION
INCREASED BY 19 PEOPLE TO
74,382 (+0.0%)



THE LABOR FORCE ALSO
INCREASED BY 19 JOBS TO
46,015 JOBS (+0.0%)



JOB EARNINGS INCREASED
BY 2% TO \$2.14 BILLION



MINING JOBS DECREASED
BY 7% (LOSS OF 60 JOBS)



74,000 MORE PEOPLE
ARRIVED IN SOUTHEAST
TOWNS BY PLANE, FERRY OR
CRUISE SHIP, AN INCREASE
OF 4%

Southeast Alaska's Economy 2014: Plateauing

In 2013 the Southeast Alaska economy—which had been in an expansion phase for the previous five years—stopped growing. Both the population and the number of workers in the region grew by a mere 19 people, which is akin to no growth at all. Total wages grew by two percent. Economic trends statewide were nearly identical.

Despite our near-zero growth rate, the number of residents, workers, and job earnings each represent records for the region. We have reached a high point in the regional economy, but our momentum appears to have slowed, and some indications suggest the economy may begin trending downward. There are several reasons for this.

The Southeast Alaska economy has always had a countercyclical relationship with the national economy. When the national economy stumbles, the sheer size of our government workforce acts as a stabilizer. Further, in reaction to a weakening dollar, the value of precious metals rise, increasing the economic value of our mining industry. During these periods, our job market becomes an attractive lure for young people out of work in the lower-48, and our population expands.

We have experienced five years of growth partly because of these elements. However, for the first time since 2008, our regional

unemployment rates are exceeding those of the nation as a whole. Metal prices are falling, less oil means less unrestricted State government revenue, and a culture of reduced federal spending (along with the elimination of earmarks) has translated into fewer dollars filtering down to municipal and tribal governments. As a whole these impacts mean that our half-decade of economic growth appears to have reached an apex (for now).

There are, however, some exceedingly bright points in our economy. An influx of 250 US Coast Guard jobs since 2010—jobs with high multiplier effects—have counteracted the loss of federal jobs in other areas (especially in the US Forest Service) and contributed to the rise of our growing maritime sector. Fishermen in the region caught 479 million pounds of seafood in our waters in 2013—toppling old records and expanding our processing capabilities. The visitor industry, which falls and rises according to the strength of the national economy, is back to near-record levels and continuing to expand.

ECONOMIC OUTLOOK

We can expect that Southeast Alaska's economy will continue to be flat in 2014, likely growing by less than one percent overall. Previous positive drivers for the region's economy—such as government, mining & timber—will continue to fall; while visitor industry jobs will continue to grow.

A Message from Southeast Conference's Executive Director

One of the many functions of Southeast Conference is to disseminate economic and socioeconomic information, and this year I am proud to present you with our third annual Southeast Alaska by the Numbers publication. We hope this report will be valuable to you as you make decisions for your community, business, non-profit, or other government entity. Our consultant, Rain Coast Data, waded through nearly 150 reports and data sets so that you didn't have to. This year, the report provides a one-year snapshot of the regional economy.

As we all know, the growth and successes of our region are ever changing. Last year we had great news, growth and advancement in many areas of our economy, something we haven't had in a while. Now we have reached a plateau. When you are training for a marathon or dieting, you work hard, develop a routine and get results. Great strides are made and you are encouraged and excited. Then you reach a plateau. You may think you just have to try harder and work more towards your goal, but what you really have to do is change your routine. Make things different.

We have made some new partners, Sustainable Southeast Partnership and The Tatoosh School on Prince of Wales Island. Joining with Central Council Tlingit Haida Indian Tribes of Alaska and our new partners we are working intensively on our food security and individual community successes. We are proud to include our new partners in our work and I hope you will join me in welcoming them into our family. We have been focusing on the Southeast Alaska Marine Industry Council initiative. This initiative is meant to strengthen our maritime industry, grow small business in our communities and enhance the efficiency and capacity of Alaska's marine services value chain throughout the region, state and the greater Northwest. This initiative will support a wide array of existing and emerging economic activity dependent upon marine transportation.

We have been continuing our work with the Alaska Energy Authority, regional electricity providers, and alternative energy providers, to increase the capacity of all of the communities in our region in the quest for energy stability and security. We are working to establish a sustainable and renewable timber industry in Southeast Alaska by collaborating with the U.S. Forest Service through the Tongass Advisory Committee to reinstate the responsibility of establishing a predictable and reliable timber supply sufficient to sustain the region's timber economy and communities.

Southeast Conference began more than 50 years ago with a group of people supporting the establishment of a regional transportation system in Southeast Alaska. After that success Southeast Conference stayed together through more than a half-century to focus not only on transportation issues but on many other concerns unique to the region. Our membership now includes nearly every community in Southeast Alaska. If you are not a member please join, and join us in growing the economy of the region. We need all the help we can get.

Shelly Wright
Southeast Conference, Executive Director



Regional Overview

THE REGION

The Southeast Alaska Panhandle extends 500 miles along the coast from Metlakatla up to Yakutat, encompassing 35,000 square miles of land. The saltwater shoreline of Southeast Alaska is approximately 18,500 miles. 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. Alaska Natives make up nearly a quarter (22%) of the region's population.

LAND OWNERSHIP

Southeast Alaska's land ownership is dominated by the federal government, which manages 95 percent of the land base. Most of this (80%) is the Tongass National Forest. The remaining federal lands are managed primarily by the National Park Service (mostly in the Glacier Bay area) and the Bureau of Land Management.

The State manages 2.4 percent of the total land base, 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 entire regional land base. Alaska Native Regional and Village Corporations own just under three percent of the remaining land base. Other private land holdings account for 11,000 acres of all Southeast lands—or 0.05%. The lack of privately owned land and land available for development is unique in Southeast Alaska and impedes the ability of the region to nurture the private sector.

PAST ECONOMIC TRENDS

Beginning in the 1880s, the population 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. However, the later 1990's and early 2000's were difficult years for the Southeast Alaska economy.

At 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 3,500 workers. During the same period, the value of salmon declined worldwide, and by 2002 regional ex-vessel values had fallen by two-thirds from the 1994 peak, disrupting local fishermen and the regional seafood economy.

Total Southeast Alaska wages hit bottom in 1997. It would be another ten years before the adverse economic consequences of timber industry losses worked their way through the regional economy. Population levels continued to decline through 2007, and 2008 marked the region's start to an economic recovery.

FIVE YEARS OF ECONOMIC GROWTH (2008-2012)

Since 2008, the economy of the region has been growing. The population increased during each of the last six years—by 4,200 people all told. Employment and wages increased, with growth most notable in the areas of seafood, health care, tourism, Coast Guard, and (until this year) mining. The region has reached historic highs—but in 2013 this growth has leveled out.

It is going to be the challenge of regional leaders to determine new ways to attract people, jobs and economic development to Southeast Alaska.

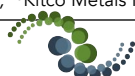


Changes over the Past Year: 2012 to 2013

The following table tracks key Southeast Alaska indicators over the past year, along with associated changes.

DEMOGRAPHICS	2012	2013	% CHANGE*
Population ¹	74,363	74,382	0%/+19 people
• 0 to 4 year olds	4,806	4,662	-3.0%
• 65 to 79 year olds	6,706	7,152	6.7%
Regional Population Excluding Juneau	41,525	41,318	-0.5%
K-12 School District Enrollment	11,490	11,316	-1.5%
GENERAL			
Total Labor Force (jobs, includes self-employed & USCG)	45,996	46,015	0%/+19 jobs
Total Job Earnings (includes self-employment earnings & USCG)	\$2,098,247,981	\$2,140,078,399	2.0%
• Total Private Sector Payroll	\$1,353,011,309	\$1,384,901,816	2.4%
Average Annual Wage	\$45,618.05	\$46,508.53	2.0%
Annual Unemployment Rate	6.8%	6.4%	0.4%
TOP ECONOMIC SECTORS	2012	2013	% CHANGE
GOVERNMENT	PUBLIC SECTOR: 35% OF ALL EMPLOYMENT EARNINGS		
Total Government Employment	13,882	13,718	-1.2% / -164 jobs
• Federal Employment	2,246	2,195	-2.3%
• US Coast Guard (USCG)	701	761	8.5%
• USDA (Forest Service)	588	530	-10%
• State Employment	5,574	5,516	-1.0%
• City and Tribal Employment	6,062	6,007	-0.9%
Total Government Payroll	\$745,236,672	\$755,176,583	1.3%
COMMERCIAL FISHING & SEAFOOD INDUSTRY	KEY INDUSTRY: 11% OF ALL EMPLOYMENT EARNINGS		
Total Seafood Employment	4,104	4,252	3.6%/+148 jobs
Total Seafood Employment Earnings	\$232,182,020	\$244,535,299	5.3%
Seafood Processing Wholesale Value	\$520.7 million	\$624.4 million	19.9%
Pounds Landed	267,316,798	479,433,073	79.4%
Estimated Gross Earnings	\$335,036,429	\$374,812,930	11.9%
VISITOR INDUSTRY	KEY INDUSTRY: 8% OF ALL EMPLOYMENT EARNINGS		
Total Visitor Industry Employment	6,375	6,707	5.2%/+332 jobs
Total Visitor Industry Wages/Earnings	\$163,132,860	\$179,902,469	10.3%
Total Passenger Arrivals (includes inter-regional travel)	2,098,398	2,168,882	3.4%
• Cruise Passengers	937,000	999,600	6.7%
• Total Air Passenger Arrivals in Southeast (includes inter-region travel)	898,467	914,845	1.8%
• Total Southeast AMHS Passengers Arrivals	262,931	254,437	-3.2%
HEALTH	KEY INDUSTRY: 8% OF ALL EMPLOYMENT EARNINGS		
Health Care Employment	3,431	3,392	-1.1%/-39 jobs
Health Care Wages	\$172.6 million	\$172.4 million	-0.1%
MARITIME ECONOMY (Includes employment from all industries)	TOP SECTOR: 18% OF EMPLOYMENT EARNINGS		
Private Maritime plus USCG Employment	6,742	7,050	5%/+308 jobs
Private Maritime plus USCG Wages	\$365.4 million	\$393.0 million	8%
OTHER SELECTED STATISTICS	2012	2013	% CHANGE
Construction Employment	2,226	2,268	1.9%/+42 jobs
Total Mining and Exploration Employment	815	756	-7.2%/-59 jobs
Price of Gold ¹⁵	\$1,669	\$1,411	-15.5%
Professional and Business Services Employment	2,781	2,678	-3.7%/-103 jobs
Consumer Price Index for Anchorage	205.916	212.381	3.1%
Housing Starts ⁴	103	194	88.3%
Total MWh sold in Southeast	829,871	870,887	4.9%
Avg. Daily Volume Alaska Oil Production (mbbls/day)	590.1	543.8	-7.8%

Sources: ¹Alaska Department of Labor (ADOL); ²ADOL Southeast Alaska Population by Age, 2012 to 2013; ³Alaska Department of Education and Early Development; ⁴Building Permits Survey, US Census; ⁵US Coast Guard; ⁶2012 US Census Nonemployer (self-employment) Statistics; ⁷ADF&G Seafood Production of Shorebased Plants in Southeast Alaska, 2000 through 2013; ⁸ADF&G Southeast Alaska Commercial Seafood Industry Harvest and Ex-Vessel Value Information, 2012-2013; ⁹Alaska Forest Association; ¹⁰McDowell Group & Cruise Line Agencies of Alaska; ¹¹US Bureau of Transportation Statistics (BTS); ¹²Alaska Marine Highway System; ¹³Annual Electric Power Industry Report. U.S. Energy Information Administration; ¹⁴Alaska Department of Revenue Revenue Sources Book; ¹⁵Kitco Metals Inc.



The Whole Economy

One of the challenges of analyzing Southeast Alaska's economy is that our commercial fishing fleet and U.S. Coast Guard members are often omitted due to lack of data. Employment and wage data do not include self-employed individuals or their earnings, nor do they include active duty military. While in many places these exclusions would be inconsequential, these two groups represent nearly 8,500 workers—or 18 percent—of regional employment in Southeast Alaska.

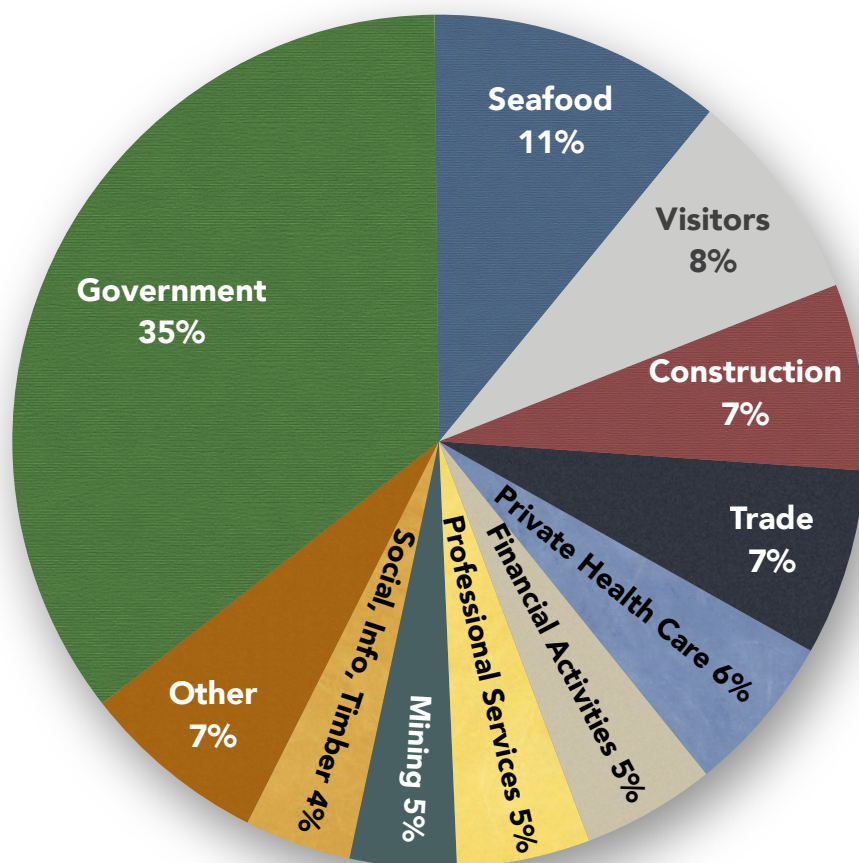
This publication includes self-employed individuals and Coast Guard personnel to get a better picture of the whole economy. Self-employment is measured using the US Census Nonemployer Statistics, which track self-employment earnings by using tax return data. Nonemployer Statistics lag by one year, so this publication uses 2012 self-employment data.

There are important differences in how employment, self-employment, and active duty military data are measured, but combining the data provides a clear and accurate picture of the regional economy as a whole. The methodology used here is readily reproducible on an annual basis.

The pie chart to the right shows the Southeast Alaska regional economy as a whole based on all work-related earnings. The data table below provides a detailed breakout of employment and workforce earnings.

2013 Southeast Alaska Employment Earnings

Includes US Coast Guard Payroll & Self-Employment Earnings



2013 Southeast Alaska Employment Related Earnings

	EMPLOYMENT RELATED EARNINGS			EMPLOYMENT NUMBERS		
	Wages (2013)	Self Employment Earnings (2012)*	Total Earnings	Annual Average Employment (2013)	Self-Employed (2012)*	Total Employment
Seafood Industry	74,652,299	\$169,883,000	\$244,535,299	1,927	2,325	4,252
Visitor Industry	\$152,319,469	\$27,583,000	\$179,902,469	5,932	775	6,707
Construction Industry	\$114,254,439	\$35,146,000	\$149,400,439	1,658	610	2,268
Health Care Industry (private only)	\$114,421,038	\$10,259,000	\$124,680,038	2,344	208	2,552
Trade: Retail and Wholesale	\$129,238,692	\$19,897,000	\$149,135,692	4,376	532	4,908
Financial Activities	\$53,395,079	\$60,496,000	\$113,891,079	1,197	628	1,825
Professional and Business Services	\$71,564,255	\$45,075,000	\$116,639,255	1,484	1,194	2,678
Mining Industry	\$79,042,069	NA	\$79,042,069	756	NA	756
Warehousing, Utilities, & Non-Visitor Transport	\$50,913,775	\$10,856,000	\$61,769,775	870	115	985
Social Services	\$44,506,336	\$3,523,000	\$48,029,336	1,495	204	1,699
Information (publishing, broadcasting, telecomm.)	\$19,568,936	\$1,637,000	\$21,205,936	481	49	530
Timber Industry	\$14,750,899	\$2,300,000	\$17,050,899	270	55	325
Government (includes Coast Guard)	\$704,965,693	\$50,210,890*	\$755,176,583	13,090	628*	13,718
Other	\$48,652,289	\$30,732,000	\$79,619,530	1,698	1,110	2,812
Total	\$1,672,480,509	\$467,597,890	\$2,140,078,399	37,582	8,433	46,015

Sources: Alaska Department of Labor 2013 Employment & Wage data; 2012 US Census Nonemployer (self-employment) Statistics; 2013 US Coast Guard employment & wage data.

*These cells in Government refer to 2013 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 that 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).



Demographics

74,382 People

Photo by Clark Mischler

**UP 19 PEOPLE
IN 2013 TO
74,382**

In 2013, Southeast Alaska reached a new population record, though it did so by a thread. In 2012, the population of Southeast Alaska surpassed the 1997 record. In 2013, Southeast Alaska extended that record by 19 additional people.



POPULATION CHANGE 2010 TO 2013

	2010	2013	Change
Juneau City & Borough	31,275	33,064	6%
Ketchikan Borough	13,477	13,856	3%
Sitka City and Borough	8,881	9,039	2%
Petersburg	3,203	3,216	0%
Haines Borough	2,508	2,530	1%
Wrangell City & Borough	2,369	2,456	4%
Metlakatla	1,405	1,471	5%
Craig	1,201	1,195	0%
Skagway Municipality	968	982	1%
Klawock	755	786	4%
Hoonah	760	798	5%
Yakutat City & Borough	662	622	-6%
Kake	557	598	7%
Thorne Bay	471	518	10%
Gustavus	442	502	14%
Angoon	459	438	-5%
Saxman	411	411	0%
Hydaburg	376	405	8%
Coffman Cove	176	163	-7%
Tenakee Springs	131	141	8%
Naukati Bay	113	123	9%
Hollis	112	120	7%
Hyder	87	94	8%
Klukwan	95	93	-2%
Pelican	88	79	-10%
Kasaan	49	75	53%
Port Alexander	52	66	27%
Port Protection	48	57	19%
Whale Pass	31	39	26%
Edna Bay	42	49	17%
Kupreanof	27	25	-7%
Elfin Cove	20	16	-20%
Game Creek	18	27	50%
Point Baker	15	15	0%
Total	71,664	74,382	4%

Although Southeast Alaska was the fastest growing region of the state between 2010 and 2012, this growth flattened out in 2013 due to a decrease in the under-30 population. Southeast Alaska's under-30 population fell by 360 people in the last year alone; and—despite a national demographic trend of baby boomers having grandchildren—the zero-to-four-year-old population decreased by three percent between 2012 and 2013 in Southeast Alaska.

Housing and childcare shortages along with decreased school funding have been cited as some of the reasons for this decline, while improving economic conditions in the lower-48 job market mean that millennials are less motivated to come to Alaska in search of work.

SIX YEARS OF CONSECUTIVE GROWTH

Despite this slowdown, 2013's population figure is still a record, and represents significant recovery from a decade earlier. Between 1997 and 2007, the regional population outside Juneau dropped by nine percent while Juneau population levels remained flat. Long-term population forecasts for the region were bleak, with huge projected

losses. But the region's population decline bottomed out in 2007 and grew each year between 2008 and 2013, for a total increase of 4,200 people (six percent).

The two fastest growing communities since 2010 (among communities larger than 100) were Gustavus and Thorne Bay, with population gains of 14% and 10% respectively. Coffman Cove, Yakutat and Angoon each declined by 5 to 7 percent in this period.

THE REGION IS AGING

Between 2010 and 2013 the number of Southeast residents over the age of 60 increased by an astonishing 21 percent (2,430 seniors). The region will continue to age as baby boomers grow older.

K-12 ENROLLMENT IS DOWN

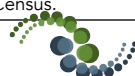
As it has nearly every year since 1997, school enrollment fell in 2013—by 175 students. Since 1997, the number of school children in the region decreased by 22% for a total loss of 3,100 students.

POPULATION OUTLOOK

If we are unable to attract and retain millennials and other residents under the age of 30, we can expect our population to once again begin to decline.



Sources: Alaska Department of Labor (ADOL); ADOL Southeast Alaska Population by Age, Sex and Borough/Census Area, 2010 to 2013; Alaska Department of Education and Early Development; Alaska Population Projections 2010 to 2035, April 2012; 2010 US Census.



Maritime Sector

7,035 Jobs
(Includes Seafood Industry)

Photo by Captain Ian Jones



SOUTHEAST ALASKA MARITIME EMPLOYMENT & WAGES 2010-2013

Includes Private Maritime & US Coast Guard Employment	EMPLOYMENT-RELATED EARNINGS			ANNUAL AVERAGE EMPLOYMENT NUMBERS		
	SE Wages 2010	SE Wages 2013	Change 2010-2013	SE Employment 2010	SE Employment 2013	Change 2010-2013
Seafood Industry	\$209,173,310	\$244,535,299	17%	3,964	4,252	7%
Marine-Related Construction	\$2,094,050	\$4,313,980	106%	29	51	76%
Marine Transportation	\$33,863,564	\$41,884,976	24%	664	788	19%
Ship Building, Repair, Marinas	\$10,717,712	\$11,812,392	10%	218	211	-3%
Tourism & Recreation	\$23,052,442	\$28,351,190	23%	783	972	24%
US Coast Guard	\$36,669,021	\$61,115,907	67%	512	761	49%
Total	\$315.6 million	\$392.0 million	24%	6,170	7,035	14%

Our Ocean-Based Economy

In Southeast Alaska there were 7,035 private and US Coast Guard “blue jobs”—as maritime jobs are sometimes called—with \$392 million in associated wages in 2013. It is our largest sector outside of government; and it draws from nearly every element of our workforce. The largest component of the Southeast maritime sector is the seafood industry, with 60% of all maritime jobs.

When private and US Coast Guard maritime categories are added together, the Southeast Alaska maritime sector directly accounts for 18% of all employment-related income and 15% of all Southeast Alaska employment. If all public-sector maritime jobs were included, this would increase to 26% of all employment-related income in the region.

There are an additional 1,500 public-sector maritime jobs with \$88 million in additional wages excluded from the above analysis (including workers for our two public ferry systems and the National Marine Fisheries Service).

A GROWING MARITIME ECONOMY

Since 2010, the private/military maritime economy of the region has grown 14%—by nearly 900 jobs, while wages grew by \$76.4 million (24%) as nearly every component of this sector added jobs to the regional economy.

UNIQUELY MARITIME

Southeast Alaska is a maritime region and maritime employment sets Southeast Alaska apart from the rest of the United States. Maritime jobs are 49 times more prevalent in Southeast Alaska than in the U.S. as a whole.

Southeast Alaska maritime employment makes up a quarter of all Alaska maritime

employment. Statewide there were 28,800 “blue jobs” with associated direct earnings of \$1.4 billion in 2013.

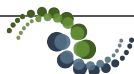
Nearly every element of our economy is intermingled with the maritime economy. We depend on barges to import most commodities. Our seafood industry depends on the wealth of the sea and the flotilla of 3,000 commercial fishing vessels home-ported in the region. Nearly a million people visited Southeast Alaska communities on 500 cruise ship voyages in the summer, while a quarter million more arrived by ferry.

MARITIME SECTOR OUTLOOK

With a \$114 million state ferries shipbuilding project poised to be awarded within the region, a growing Coast Guard presence, and increasing marine transportation (thanks to a rebounding tourism market), recent growth in our maritime sector is expected to continue.

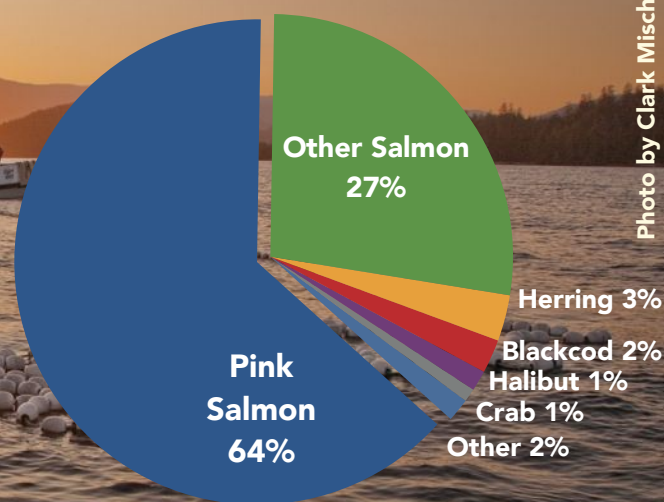


Sources: Combination of ADOL 2013 Employment and Wage data; 2012 US Census Nonemployer (self-employment) Statistics; **Seafood** includes 1125, 1141, 3117, 42446, 44522 & self-employed commercial fishermen. **Marine-Related Construction** includes 237990 **Marine Transportation** includes 483, 4883, 4872, 493110, & 493120 **Offshore Oil & Gas** (Alaska only, not listed in Southeast table) includes 211111, 213111, 213112 (offshore component determined by NOAA analysis) **Marinas and Boat Dealers** includes 441222, 71393, & 3366 **Tourism & Recreation** includes 487210, 339920, 487990, 611620, 532292, 713990, 712130, & 712190 **US Coast Guard** figures come directly from the USCG. **Notes:** In 2013, Southeast Conference published *The Maritime Economy of Southeast Alaska* (prepared by Rain Coast Data director). The figures presented above used a slightly modified definition of “maritime” to more easily compare across regions and years. We exclude the public sector with the exception the US Coast Guard, which operates outside the standard public sector, and we use the maritime definition developed by NOAA in their “Crosswalk Table of Economics: National Ocean Watch Sectors and Industries and the North American Industry Classification System.” We made some modifications to their table to make it more applicable to Alaska (e.g., excluding hotels & restaurants, and including commercial fishermen.) Special thanks to Conor Bell at the Alaska Department of Labor for data analysis.



Seafood Industry

479 Million Pounds of Seafood Landed in Southeast by Species, 2013



UP 150 JOBS +4%

In terms of pounds landed, the Southeast Alaska 2013 fishing season was the biggest ever.

The total Southeast Alaska seafood harvest was an astonishing 479 million pounds—a 79% increase over the year before. The record-breaking year was largely due to a massive return of lower-value pink salmon. While the 2013 catch had the best harvest value ever in nominal dollars of \$375 million, when adjusted for inflation it ranked just slightly behind 2011 in value.

THE YEAR OF THE PINK SALMON

In 2013, Southeast Alaska fishermen experienced the largest recorded salmon catch—112 million salmon—as well as the largest pink salmon harvest, of 95 million pink salmon. Southeast Alaska was the most valuable salmon fishing area in the state, with a salmon harvest value of \$250 million.

Southeast Alaska's salmon harvest exceeded that of any other Alaska region for every species except sockeye. In the case of Chinook and Coho, the regional catch was higher in Southeast than for the rest of the state combined.

In 2013, the five salmon species represented a whopping 91% of the



VALUE & POUNDS OF SEAFOOD LANDED IN SOUTHEAST ALASKA 2006 TO 2013



overall regional seafood catch in terms of volume—yet only two-thirds of total ex-vessel value.

Halibut and blackcod—while just three percent of total pounds landed—accounted for 22% of total catch value in 2013.

THE SEAFOOD INDUSTRY IS A KEY ECONOMIC DRIVER

The Southeast Alaska seafood industry (including commercial fishermen & seafood processors) consisted of 4,250 average annual regional jobs in 2013 making up 11% of all regional employment earnings and 9% of all jobs.

Those working in the region's seafood industry earned \$245 million last year, up 5% from the year before—this number will grow once self-employment earnings for 2013 are finalized. (Nonresident commercial fishermen & crew members are not included in this figure.)

SEAFOOD PROCESSING

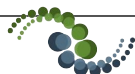
In 2013 there were more pounds of seafood processed in the region than ever before. Shore-based seafood facilities in Southeast Alaska processed 300 million pounds of seafood in 2013, with a wholesale value of \$624 million, a 53% increase in seafood processing value over 2012. State shared fisheries taxes for processing activity in FY13 generated \$4.3 million for regional communities.

SEAFOOD INDUSTRY OUTLOOK

The preseason forecast for 2014 was for a significantly less dynamic fishing season. Pink salmon harvest was projected to be 22 million fish, but as of August 2014, the pink salmon catch has already exceeded 32 million.

Regardless of the final 2014 count, expect the volume of the 2015 seafood harvest to be well above 2014 levels. The two-year pink salmon life cycle, which spikes in odd-numbered years, will drive the regional harvest in 2015.

Sources: Combination of ADOL 2013 Employment and Wage data; 2012 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 2014 Alaska Salmon Fisheries and Review of the 2013 Season; ADF&G April 2014; ADF&G 2014 Preliminary Alaska Commercial Salmon Harvest - Blue Sheet Updated August 29, 2014; Shared Taxes and Fees Annual Report FY13, 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 that did not report income are excluded).



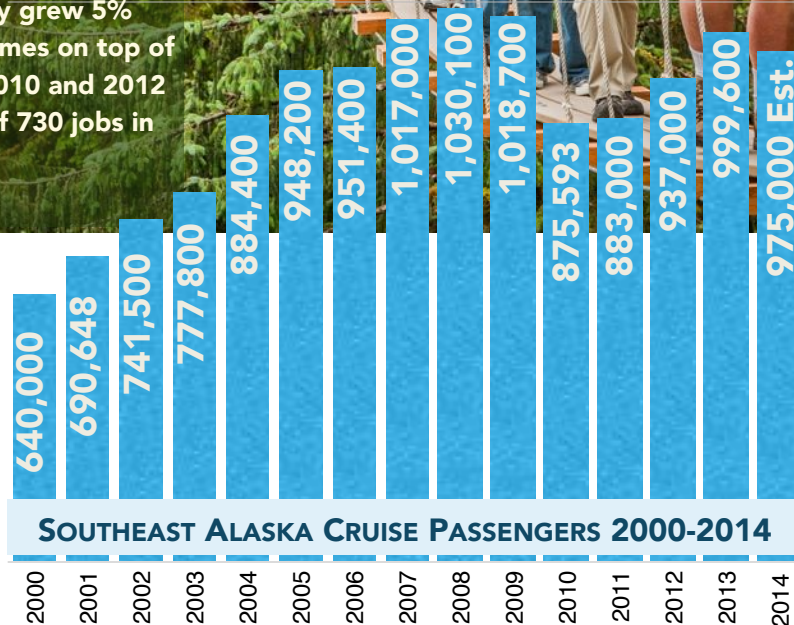
Visitor Industry

UP 330 JOBS +5%

The Southeast Alaska Visitor Industry is experiencing significant sustained growth. In 2013, employment in the regional visitor industry grew 5% (330 new jobs). This comes on top of 7% growth between 2010 and 2012—for a total increase of 730 jobs in the last three years.

6,700 Jobs

Photo by Clark Mischler



SOUTHEAST ALASKA CRUISE PASSENGERS 2000-2014

Including air, ferry and cruise passengers, there were 2.17 million passenger arrivals in the region in 2013—a 3.4% increase over the previous year. Airline passenger traffic was up two percent, while Alaska Marine Highway passenger traffic was down 3.2%. Cruise passenger traffic increased the most.

CRUISE SHIP TRAFFIC

Between 2010 and 2013, cruise passenger traffic to the region increased by 14 percent (124,000 more visitors). In 2014, 975,000 cruise ship passengers are expected to visit the region, making 500 voyages on 30 large cruise ships in Southeast Alaska. This projection represents a 24,600-passenger decrease from 2013. (Two ships were replaced with slightly smaller vessels). Approximately five percent of all 2013 cruise ship passengers worldwide visited Southeast Alaska.

ONE-FIFTH OF PRIVATE-SECTOR JOBS

The visitor industry emerges as one of the region's largest private-sector employers in terms of jobs, accounting for 15% (6,700) of all regional jobs and 20.8% of all private-sector jobs. For this publication the visitor industry includes leisure and hospitality

businesses, along with air, water and scenic transportation companies. In 2013 visitor industry earnings grew by 10%. Those working in the visitor industry earned \$180 million, approximately 8% of all income earned in Southeast Alaska.

Out-of-state visitors spent \$595 million in Southeast Alaska in 2013, according to McDowell Group. On average, visitors spent \$485 per person in the region.

Southeast Alaska is becoming a more popular destination as the region has been stepping into a national spotlight. Last year Petersburg was named "top yachting community" in the United States by Yachting Magazine, while Top Chef, Brew Dogs, Amazing Race, and Hotel Impossible episodes have all recently been filmed in Juneau.

INCREASED JET SERVICE

In May 2014, Delta Airlines began flight

services between Juneau and Seattle for the first time since 1996, creating competition for Alaska Airlines—resulting in increased service and decreased ticket prices. In June & July 2014, the number of passengers arriving in Juneau was up by 12% (8,000 passengers) over those two months in 2013. By increasing hub traffic in Juneau, this expands visitor and resident access to transportation across Southeast Alaska.

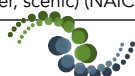
VISITOR INDUSTRY OUTLOOK

Despite a minor decrease in 2014, we anticipate a new cruise passenger record by 2016. With a trend toward increasing ship size, expect the number of cruise passengers to the region to rise by 3 or 4 percent per year while the number of voyages remains the same.

Airline passenger arrivals are also likely to hit a new record (last set in 2007) within the next two years due to the combination of lower fares and a second airline providing commercial jet service to the region.

The visitor industry in Southeast Alaska tends to follow national and international trends. As the US economy continues to rebound, so will the Southeast Alaska visitor industry. Along with visitors, the number of jobs and related income in this sector will continue to improve.

Sources: Combination of ADOL 2013 Employment and Wage data; and 2012 US Census Nonemployer (self-employment) Statistics; McDowell Group; US Bureau of Transportation Statistics (RITA); Alaska Marine Highway System; Cruise Line Agencies of Alaska, Cruise Ship Calendar for 2014; Cruise Market Watch; Juneau International Airport Passenger Statistics.
Note: Visitor Industry includes leisure and hospitality and visitor transportation (air, water, scenic) (NAICS 71, 72, 481, 487, 483).



Southeast Mining Industry

760
Jobs

Photo Credit: Greeks Creek

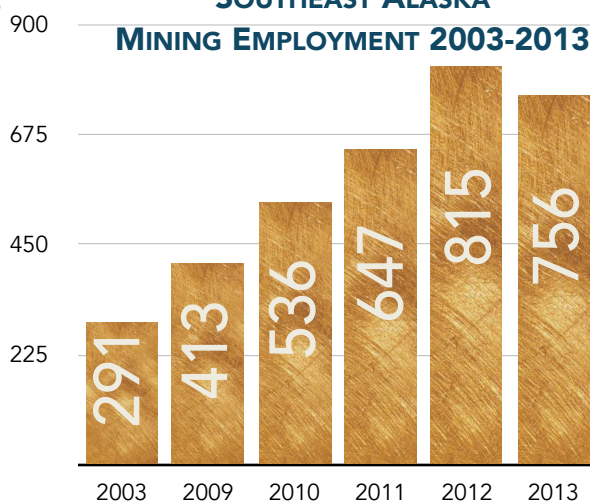
DOWN 60 JOBS -7%

The role of mining in the Southeast economy has changed significantly over the last decade, rising sharply between 2003 and 2012 before falling in 2013 and 2014. In 2013, mining employment in the region decreased by seven percent to 756 jobs in Southeast Alaska—with a \$79 million payroll.

With an average annual wage of \$105,000, mining jobs pay the highest wages in the region—more than double the average private sector wage.

Southeast Alaska's mining industry has always risen and fallen based on mineral prices, and after rising for 11 consecutive years, global metal prices are falling. In the past year-and-a-half, the price of gold and silver have dropped by 21% and 35%, respectively.

SOUTHEAST ALASKA MINING EMPLOYMENT 2003-2013



This decrease in precious metal prices is linked to the continued national economic recovery. As unemployment levels drop and confidence in the economy rises, investors turn away from safe-haven investments such as gold and silver.

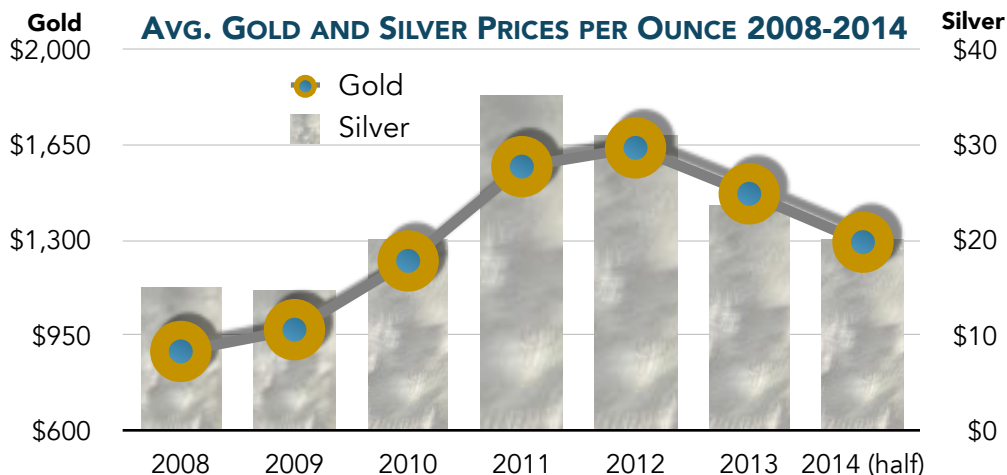
Despite decreasing metal prices, production was up. Kensington increased its production by 40% in 2013 to 114,821 ounces of gold. Greens Creek's mill operated at an average of 2,206 tons per day in 2013—the highest daily average since the mine began operations in 1989—producing 7.5 million ounces of silver and 57,457 ounces of gold.

Southeast Alaska's mining prospects also include rare earth elements (REEs). REEs are a group of 17 elements with unique properties that are used in computers, mobile devices, and clean energy technologies.

Prices for REEs rose sharply in 2010 as global demand for rare earth products grew and the Chinese government limited exports. REE prices peaked in 2011 before declining through 2014 as global economies slowed. As of July 2014, Dysprosium, Terbium and Yttrium—three REEs that are being considered for mining in the region—were 73% to 90% below 2011 values.



Avg. Gold and Silver Prices per Ounce 2008-2014



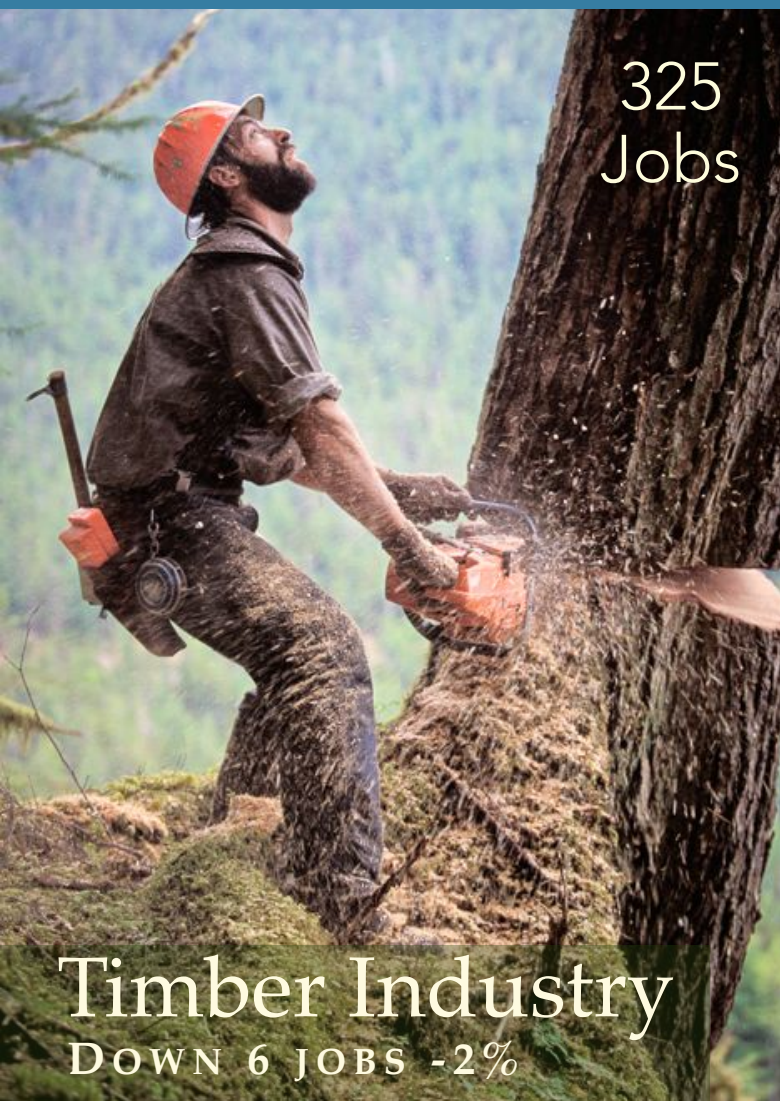
MINING OUTLOOK

Mineral prices are falling. While it is impossible to predict the long term values of these commodities, it is clear that mining employment and exploration in the region will fall or rise based on these values. In the meantime, employment will continue to decrease.



Sources: ADOL 2013 Employment and Wage data; Kitco Metals Inc; Coeur Mining Inc. 2013 annual Report; Hecla Mining Company 2013 annual Report; Arafura Resources Rare Earth Pricing.





Logger, Prince of Wales Island, Alaska. Photo by Clark Mischler.

Between 2012 and 2013, timber-related employment in Southeast Alaska continued its long decline, falling another two percent to 325 jobs. Timber workforce earnings remained flat at \$17 million in wages.

Once the economic backbone of the region, Southeast Alaska lost 3,500 direct industry jobs and over \$100 million in annual payroll in the 1990s. Over the last decade, timber employment has shrunk by another 89%, and in 2013, timber accounted for less than one percent of jobs and wages in the region. Today's Southeast Alaska timber industry is even smaller than it was in the early 1900's. The timber industry includes logging, logging support, sawmills, and wood product manufacturing jobs.

TIMBER OUTLOOK

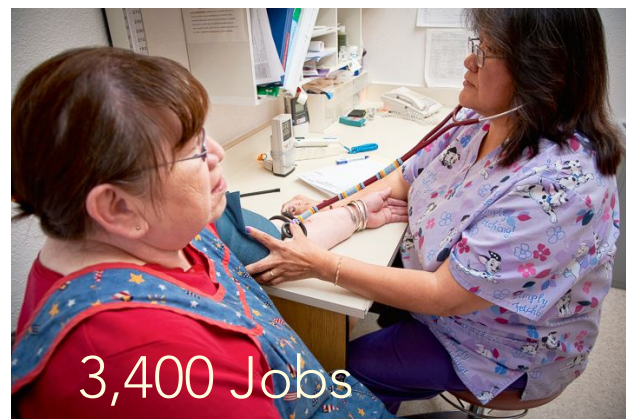
Despite pioneering markets in young-growth products, the industry relies on old-growth timber as the backbone of both local milling and log export programs. Although a transition is underway, it will take twenty to thirty years for young-growth development to become economically viable. Meanwhile, pending Endangered Species Act petitions could affect further development in the Tongass.

Sources: Combination of Alaska Department of Labor 2013 Employment and Wage data and 2012 US Census Nonemployer (self-employment) Statistics; Industry and Occupational Forecasts 2010 to 2020, Alaska Trends, October 2012; Alaska Forest Association; Sealaska Forester Brian Kleinhenz; Forbes. *Jobs Are Growing. Health Care is Booming. So Why Are Hospitals Flat.*

Southeast Health Care Industry

DOWN 40 JOBS -1%

When both private and local hospital health care services are taken into account, health care industry employment accounted for seven percent of all Southeast Alaska employment (3,400 workers) and eight percent of wages in 2013 (\$172.4 million). Three-quarters of regional health care jobs are in the private sector, while the last quarter consists of public sector work.



Kake, Alaska. Marcia Aceveda, CHP, administers Wanita James at Kake Clinic. Photo by Clark Mischler.

In a reversal of long-term trends and projections, the health care industry as a whole decreased slightly in

2013. Hospitals are the largest health care providers in the region, and nationally hospital growth has been relatively flat over the past two years. Providers are under significant economic pressure from payers to contain costs; providers in states such as Alaska that elected not to expand Medicaid in conjunction with the Affordable Care Act are the most impacted.

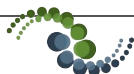
HEALTH CARE INDUSTRY OUTLOOK

Due to the aging Southeast Alaska population, health care needs will continue to rise, and the health care industry will expand in response to these trends—just at a slower pace than previously projected. As the demands to age in place (at home and in home communities) become stronger, demand for workers in the health care industry will translate into long-term continued growth for this industry region-wide.

Construction (2,270 Jobs)

UP 42 JOBS +2%

Construction employment grew two percent from 2012 to 2013, and eight percent (163 jobs) since 2010. Construction wages totaled \$149 million in 2013 and accounted for seven percent of all Southeast Alaska employment earnings. A plethora of construction opportunities led to this growth. New home building nearly doubled between 2012 and 2013—to 194 housing starts; and several high-profile construction projects underway across the region, including the Blue Lake Hydroelectric Expansion Project in Sitka, the State of Alaska Library Archives & Museum building, and Capitol Building renovations. Construction employment will remain strong as these and other projects continue.



Southeast Alaska Government

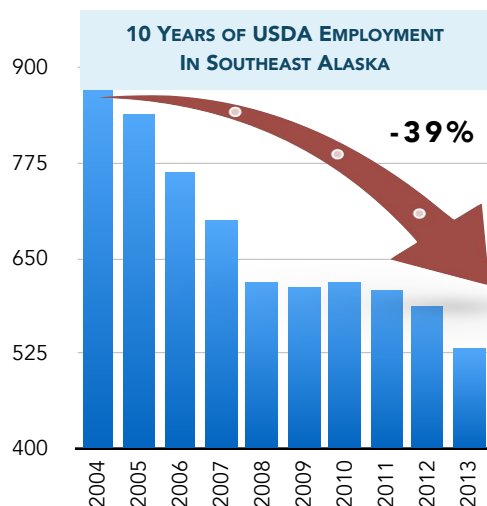
13,700 Jobs

GOVERNMENT DOWN 163 JOBS -1%

- State -58 jobs
- Coast Guard +60 jobs
- Local -15 jobs
- Other Federal -110
- Tribal -40 jobs

As a whole, government wages make up 35% of all regional employment earnings (\$755 million) and 30% of the region's jobs (13,700). In 2013, government employment in Southeast Alaska continued its slow decline. Job losses occurred in every government sector (state, federal, local, and tribal).

The Forest Service, once our top federal employer, has fallen the most dramatically. In that past decade, USDA employment in the region fell by 39%—including a 10% decrease in the past year—to 530 jobs (annual avg.)



Within the State, job losses were most heavily felt in the Office of the Governor—which reduced its Southeast Alaska presence by 26% between 2012 and 2013 (23 jobs).

State and federal budget cuts are trickling down to the local level. Since 2010, Juneau has led the region in local government and tribal jobs losses, with a decrease of 260 jobs (11%) in that community alone over the past three years.

THE COAST GUARD: A BRIGHT SPOT

In contrast to other government sectors, US Coast Guard employment is expanding in Southeast Alaska. USCG jobs grew by 8.5% between 2012 and 2013, to 760 personnel (an increase of 250 jobs since 2010).

Juneau is the headquarters for all U.S. Coast Guard operations in Alaska. Retreating sea ice in the Arctic has led to increased maritime activity, thus increasing the Coast Guard's mission in the state, and the size of its command center.

The economic impact of these jobs is disproportionately high, as average annual earnings exceed \$80,000 (49% higher than the average government wage), and Coast Guard employees typically move to Southeast Alaska with their families.



GOVERNMENT WAGES MADE UP 35% OF ALL SOUTHEAST ALASKA EMPLOYMENT EARNINGS IN 2013^{1,2}

GOVERNMENT OUTLOOK

The economy of the region is highly dependent on government employment and spending—both of which will continue to experience reductions.

North Slope oil—which funds 90% of Alaska's unrestricted revenue—has shrunk to a quarter of its peak production. The State's unrestricted FY2015 General Fund budget is \$1.5 billion less than it was in FY2014.

Declining state revenue and federal budget cuts will continue to translate into local and tribal government reductions in the region. Case in point—Juneau anticipates a municipal government shortfall of \$12 million over the next two years.

Sources: ADOL 2013 Employment and Wage data; U.S. Coast Guard; Alyeska Pipeline Service Company; ADOL Southeast Alaska Government Departments 2010-2013; Alaska's Economy, Vol 2 July 2014 Scott Goldsmith.





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The mission of Southeast Conference is to undertake and support activities that promote strong economies, healthy communities, and a quality environment in Southeast Alaska.

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