

# USDA Southeast Alaska Sustainability Strategy Investment Recommendations

## Appendix E - Regional Economic Overview

The Southeast Alaska panhandle extends 500 miles along the coast from Metlakatla to Yakutat, encompassing approximately 33,500 square miles of land and water. More than 1,000 islands make up 40% of the total land area. The region is sparsely settled with an estimated 71,946 people living in 34 towns and villages in 2020, most of which are located on islands or along the narrow coastal strip (Alaska Department of Labor [DOL] 2018). The remote nature of the region is reflected in a population density of approximately two persons per square mile, much lower than the United States' average of 92 persons per square mile. The three largest communities—Juneau, Ketchikan, and Sitka—together are home to 75% of the regional population. The dominant culture in the region is indigenous. Alaska Natives—the Tlingit, Haida, and Tsimshian—make up nearly a quarter (27%) of the region's population. The Tlingit have resided in the region for 11,000 years, propelled by the region's mild climate, abundant food and raw materials. A lack of privately-owned land is unique to Southeast Alaska and impacts the ability of the region to support the private sector. Many residents depend heavily on subsistence hunting and fishing to meet their basic needs. Land ownership is dominated by the federal government, which manages 94% of the land base. Most of this (78% or 16.75 million acres) is the Tongass National Forest.

**One USDA** USDA agency actions contribute to regional economy in Southeast Alaska in a variety of ways. Since most of the land in the region is publicly managed, the Tongass National Forest's stewardship activities are important to communities and the overall regional economy. The communities of Southeast Alaska depend on public lands in various ways, including employment in the commercial fishing and fish processing, recreation, visitor, wood products, and mining and mineral development sectors. Rural Development provides federal assistance resources throughout rural Alaska and has invested \$2.16 billion dollars in 236 rural communities in the last eight years. Since 2017, the Natural Resources Conservation Service has invested over \$16 million in conservation program assistance to address resource concerns on more than 20,000 acres of private agricultural and forest land in southeast Alaska.

**Employment** Southeast Alaska regional employment from 2016 to 2020 is summarized by economic sector in Table 1 (Southeast Conference, 2015 to 2021). Overall, employment in the region declined by 28%. The government and the visitor sectors are consistently the largest employers, accounting for 30% and 15% of total employment, respectively. The most significant gains occurred in the warehousing, utilities, and transportation (162%) and social services (47%) sectors while losses were most profound in the information (-75%), financial (-65%), and seafood (-49%) sectors. The five-year average proportion of jobs in timber, seafood, and visitor sectors represented one, 10, and 15% of regional employment, respectively.

The ongoing coronavirus pandemic has resulted in significant economic impacts throughout the region. The regional economy was already stressed from the loss of 1,140 state government jobs from 2012 through 2020 and the impacts of declining oil production and prices on the state budget. With the addition of Covid-19, the region lost nearly 7,000 jobs, or 17% of the total workforce between 2019 and 2020. Hardest hit were sectors providing tourism services; transportation, leisure, and hospitality shed 4,025 jobs. An estimated 191 thousand people visited Southeast Alaska in 2020, down almost 89% from arrivals in 2019. Job losses in the seafood industry across Southeast Alaska were exacerbated by poor salmon returns and low seafood prices as the pandemic impacted global seafood demand. The seafood processing sector was down by 27% (425 jobs) between April and July compared to 2019. Only the timber and mining sectors have not experienced workforce losses because of COVID-19 (Southeast Conference 2020).

There is tremendous uncertainty moving forward. It is too early to measure full impacts of COVID-19, but after a second summer of cruise ship cancellations in 2021 and a continued lack of resolution to the state budget crisis, ongoing economic concerns echo across the region.

**Table 1. Number of jobs by economic sector, Southeast Alaska, 2016-2020**

Economic Sector	2016	2017	2018	2019	2020	5-year average	5-year average percent of total employment	5-year percent change
Government (includes Coast Guard)	13,052	13,256	13,148	12,994	12,501	12,990	30.21%	-4.22%
Visitor	3,854	7,739	8,004	8,394	4,599	6,518	15.16%	19.33%
Seafood	7,752	3,829	3,711	3,743	3,305	4,468	10.39%	-57.37%
Retail and Wholesale Trade	4,350	4,474	4,490	4,472	4,131	4,383	10.19%	-5.03%
Health Care (private only)	2,033	2,732	2,852	3,025	2,674	2,663	6.19%	31.53%
Construction	2,448	1,932	1,909	1,903	1,362	1,911	4.44%	-44.36%
Financial	2,972	1,964	1,830	1,833	1,038	1,927	4.48%	-65.07%
Professional and Business Services	1,688	2,869	2,910	2,941	1,503	2,382	5.54%	-10.96%
Social Services	798	1,580	889	934	1,175	1,075	2.50%	47.24%
Mining	1,006	886	1,476	1,414	855	1,127	2.62%	-15.01%
Information	1,703	571	541	535	431	756	1.76%	-74.69%
Timber	584	354	337	372	321	394	0.92%	-45.03%
Warehousing, Utilities, Transportation	313	903	943	977	820	791	1.84%	161.98%
Other	2,707	2,551	2,602	2,560	1,507	2,385	5.55%	-44.33%
<b>Total</b>	<b>45,260</b>	<b>45,640</b>	<b>45,642</b>	<b>46,097</b>	<b>32,359</b>	<b>43,000</b>	<b>100.00%</b>	<b>-28.50%</b>

Notes:

Source: Southeast Conference, 2016-2020.

1 These data were compiled on behalf of Southeast Conference based on data collected by the Alaska DOL and the U.S. Census Bureau. .

2 The Information sector, as defined here, includes publishing, broadcasting, and telecommunications.

3 Includes non-visitor-related transportation only. Visitor-related transportation is included in the visitor sector.

**Communities and Equity** Using standard socioeconomic indicators to characterize communities in Southeast Alaska is challenging due to the small population sizes, alternative lifestyle choices and values, and the mixing of cash and subsistence economies. What may be perceived as a low-income community by standard economic metrics may instead have residents that practice subsistence activities, value a homestead culture, and earn seasonal or project-based income. Table 2 contains community-level socioeconomic statistics for 32 towns and villages located in Southeast Alaska (Table 2). Population by community ranged from less than 20 to almost 32,000 in 2019. Twelve of the 32 communities identified lost population between 2010 and 2019, ranging from less than 10 residents to more than 100. Population losses have been most dramatic in Juneau, due to cuts in state government employment. Wild foods account for a large share of the diet for residents in Southeast Alaska communities. Marine resources, including fish, mammals, and plants, comprise the majority of subsistence harvest in all communities when measured by food weight and account for more than half of total per capita harvest in all Southeast Alaska communities.

Alaska Natives made up an estimated 15% of total regional population in 2019 and an estimated 21 percent for rural communities (excluding Juneau and Ketchikan). These rural communities include places that are predominately Native, where Alaska Natives make up an estimated 72% (Hydaburg and Kake) and 71% (Saxman and Metlakatla) of the population; other communities that are predominately non-Native and places with mixed ethnicity where Alaska Natives range from about one-third to two-thirds of the population. U.S. Census estimates identified 12 communities in

Southeast Alaska with 10% or more of population below the poverty line in 2018. All but three communities identified in Table 2 had estimated median household income below the state average. Juneau, Gustavus, and Haines were the exception.

Table 2 Southeast Alaska community statistics

Community	Population			Median household income		Percent below Poverty Line in 2018 <sup>2</sup>	Subsistence Use (lbs per capita) <sup>4</sup>
	2019 <sup>1</sup>	Percent Change 2010 to 2019	Percent Native in 2018 <sup>2</sup>	2018 <sup>2</sup>	Percent of State Median <sup>3</sup>		
	404	-12	43	43,542	59	17.4	182
Coffman Cove	174	-1	5	56,250	76	0.0	276
Craig	1,074	-11	19	64,853	87	14.7	232
Edna Bay	47	12	0	na	na	91.2	383
Elfin Cove	11	-45	33	na	na	na	263
Gustavus	537	21	8	80,000	108	1.7	241
Haines	1,784	4	11	75,833	102	4.0	137
Hollis	132	18	8	na	na	7.9	169
Hoonah	782	3	54	63,750	86	11.1	343
Hydaburg	397	6	72	34,028	46	39.1	531
Hyder	78	-10	0	na	na	na	345
Juneau	31,986	2	11	88,213	119	7.9	na
Kake	570	2	72	54,625	73	9.4	179
Kasaan	85	73	31	45,000	61	14.7	452
Ketchikan	8,103	1	16	59,132	80	12.6	na
Klawock	761	1	42	54,821	74	19.5	350
Kupreanof	17	-37	0	na	na	na	na
Metlakatla	1,359	-3	71	53,409	72	14.4	70
Naukati Bay	137	21	7	na	na	25.0	242
Pelican	69	-22	44	70,500	95	8.6	355
Petersburg	2,963	1	7	69,514	94	8.1	161
Point Baker	12	-20	0	na	na	na	289
Port Alexander	57	10	0	69,375	93	9.3	312
Port Protection	29	-40	0	na	na	73.7	451
Saxman	434	6	71	42,083	57	16.2	217
Sitka	8,532	-4	12	71,534	96	7.5	205
Skagway	1,045	14	4	71,500	96	5.6	48
Tenakee Springs	140	7	0	55,833	75	3.9	330

Thorne Bay	562	19	2	55,682	75	6.9	118
Whale Pass	57	84	0	41,154	55	na	247
Wrangell	2,400	1	17	57,583	77	7.8	168
Yakutat	540	-18	28	65,833	89	6.9	386

na = not available

Source: ADF&G 2018; Alaska DOL 2019a; U.S. Census Bureau 2019a, 2019b, 2019c

<sup>1</sup> Population estimates are from the Alaska DOL (2019).

<sup>2</sup> Estimates are annual totals developed as part of the 2014-2019 American Community Survey (ACS) 5-Year Estimates. Total population estimates developed as part of the ACS differ in some cases from those prepared by the Alaska DOL.

<sup>3</sup> Median state income in Alaska was \$74,346 in 2018 (U.S. Census Bureau 2019b).

<sup>4</sup> The year these data were collected varies by community, as follows:

1987: Elfin Cove, Gustavus, Hyder, Metlakatla, Pelican, Port Alexander, Skagway, and Tenakee Springs; 1996: Kake, Point Baker, Port Protection, and Sitka.

1997: Craig and Klawock.

1998: Coffman Cove, Edna Bay, Hollis, Kasaan, Naukati Bay, and Thorne Bay. 1999: Saxman

2000: Petersburg, Wrangell, and Yakutat.

2012: Angoon, Haines, Hoonah, Hydaburg, and Whale Pass.