



Juneau Indicators June 2003

The Juneau Economic Development Council (JEDC), in collaboration with the Juneau Chamber of Commerce and with financial assistance from the City and Borough of Juneau, is pleased to provide this current snapshot of Juneau's economy. JEDC's fall/winter Economic Indicators will be published as usual. However, in light of the critical issues facing Juneau, the region and the state we wanted to give the public, business people and political leaders the latest information on Juneau's economic well-being.

Economic indicators reveal recent trends and provide a framework to evaluate our economy. They do not necessarily tell us where we will be next year, or in five years. Nonetheless some trends are clear. Halfway into 2003 the economy remains sluggish. In addition, the ability to obtain a family wage job has diminished in Juneau and Alaska when compared to the lower 48 over the last decade. In 1990 earnings per job were \$30,631 and \$25,163 for Alaska and the US respectively. In 2002 earnings per job were \$35,175 and \$36,316 for Alaska and the US (Bureau of Economic Analysis).

In the future, Juneau can look forward to several large construction projects, yet all are government projects. These projects are needed and desirable; however, a healthy balance will include significant private sector investment in our economy.

Funding cut-backs at the State level have resulted in reduced revenue for a number of local programs, the effects of which may take months to fully appreciate. In addition, the State as a whole is facing severe revenue issues, which can only be remedied through budget cuts, taxation and/or the creation of wealth through business development.

Attracting private sector investment and creating wealth through business development are the focus of the JEDC.

We believe embracing the entrepreneurial spirit and fostering passion for Juneau's economic well-being is critical to maintaining the quality of life in our community. Above all we would like you to use these indicators to form your own conclusions about what collectively we can do to help our community, our region and our state prosper.

Thank you and we certainly will appreciate any feedback.

Sincerely,

Lance Miller, Ph.D., Executive Director – JEDC (www.jedc.org)

Jim Scholz, President – Juneau Chamber (www.juneauchamber.org)

Juneau Indicators Summary

Prepared by McDowell Group, Inc.

Although the regional economy continues to struggle, most indicators show Juneau in a very slow growth trend. The latest population, employment, income and business sales data all confirm some recent increase.

Based on the recent past, the “big picture” for Juneau may appear positive, however there are areas of concern. For example, employment in Juneau’s retail sector has been trending down over the past four years. The closure of Family Grocer at the Airport Shopping Center and (most recently) Kmart has pushed retail employment to still lower levels. Manufacturing employment has also trended down recently. Further, real per capita income in Juneau is flat or down slightly, according to the latest available data.

Though Juneau’s economy may be currently holding its own, some of our neighboring communities are struggling. For example, Ketchikan’s population has fallen by over 1,000 residents since the mid-1990s, including 200 residents in 2002. The Prince of Wales Island area has lost nearly 20 percent of its population, and Wrangell about 15 percent. Though not yet documented, it is possible that some of Juneau’s recent population growth is the result of in-migration from neighboring communities that have experienced economic downturns.

Juneau is fortunate in that its government-dominated economy has been relatively stable since the mid-80s recession, when the community lost 500 state government jobs and about 1,100 jobs overall.

While beyond the scope of this report, the outlook for Juneau’s economy is clouded by the prospect of significant state government cuts, as the Administration looks to trim more than \$130 million from the budget in FY2005.

Noteworthy trends in Juneau’s economy are summarized below.

Population

- Juneau’s population stood at 30,981 residents in 2002, according to the latest available data. After dropping slightly in 2001, this represents an increase of about 300 residents in 2002.
- School enrollment increased by 37 students in 2002, following three consecutive years of enrollment declines.
- Juneau’s population growth rate of 1.0 percent between 2001 and 2002 was slightly less than Alaska’s population growth of 1.6 percent. The Matanuska-Susitna Borough continues to lead the state in population growth, with a 5 percent increase between 2001 and 2002.
- Among our neighboring communities, Haines, Ketchikan, Prince of Wales Island, and the Wrangell-Petersburg area all experienced population declines in 2002.

Employment and Payroll

- Employment in Juneau increased by 1.4 percent to an annual average of 17,288 jobs in 2001. Total payroll increased to \$580 million.
- Several sectors of the economy experienced a slight decline in employment in 2001, including the manufacturing and retail sectors. The decline in service sector employment and the increase in local government employment in 2001 are largely the result of reclassifying tribal entities as local government.
- Preliminary data for 2002 indicates employment in Juneau increased by 0.3 percent (about 50 new jobs) compared to 2001. Detailed industry-by-industry employment and earnings data for 2002 is not yet available.

- Juneau payroll climbed to \$597 million in 2002, a 3 percent increase over 2001. This follows a 3 percent increase in 2001 compared to 2000.
- The average wage climbed to \$2,870 a month, about 2.7 percent above the 2001 level, according to preliminary data.

Business Sales

- Gross business sales in Juneau increased to just over \$1.3 billion in 2002. Total sales increased by \$68 million compared to 2001, a 5 percent jump.
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Personal Income

- Per capita personal income was \$34,487 in Juneau in 2001 (the most recent available data). Per capita income in Juneau was about 11 percent above the 2001 statewide average of \$31,027.
- Juneau ranks fourth in the state in terms of per capita personal income, following Bristol Bay Borough, Denali Borough, and Municipality of Anchorage.
- The Wade Hampton census area, in rural Western Alaska, reported the lowest per capita income at \$15,004.
- Total personal income for Juneau residents was \$1.057 billion in 2001. This is up only slightly from 2000 and in real terms represents a loss of purchasing power of about 2.1 percent.

Construction Activity

- The number of building permits for new housing climbed to 146 in 2002, a 42 percent increase over 2001. Though 2002 saw more housing construction activity than in any of the previous four years, construction remained well below the 1990s peak of 370 units (in 1995). The total value of housing constructed in 2002 increased to \$23.2 million.
- Commercial construction activity declined in 2002, with only 16 permits issued. The total value of commercial construction permits declined from \$13.1 million in 2001 to about \$7.9 million in 2002.

Traffic

- Cruise ship traffic increased to a record 719,000 passengers in 2002, 4 percent above the 2001 level. In 2003, cruise passenger capacity to Juneau is expected to reach 770,000.
- In 2002 ferry traffic increased for the time in several years. Just under 73,000 passengers disembarked in Juneau in 2002, along with 18,600 vehicles. This traffic includes residents and non-residents.
- Airline traffic dropped sharply in 2002, falling to about 233,000 passenger deplanements. In 2001, 275,000 passengers deplaned in Juneau. The decline in airline traffic is an international trend following September 11.

Juneau Indicators, June 2003

	1998	1999	2000	2001	2002 ¹
Population					
CBJ population	30,021	30,189	30,711	30,675	30,981
Employment and Payroll					
Total Juneau Employment ²	16,461	16,660	17,047	17,288	17,342
Total Payroll (millions, nominal dollars**)	\$531.8	\$537.6	\$563.1	\$579.9	\$597.2
Average Monthly Wage	\$2,692	\$2,689	\$2,753	\$2,795	\$2,870
Labor Force ³	Feb-99	Feb-00	Feb-01	Feb-02	Feb-03
Total Employed	14,926	15,151	14,765	14,230	14,956
Unemployment Rate	6.5%	6.6%	6.3%	7.4%	6.8%
Total Southeast Employment	35,650	35,850	36,300	35,950	35,800
Personal Income (P.I.)⁶					
Total P.I. (millions, nominal)	\$991.5	\$999.7	\$1,050.0	\$1,057.1	
Total P.I. (millions, real**)	\$1,018.5	\$1,016.6	\$1,080.0	\$1,057.1	
Per Capita P.I. (nominal)	\$32,410	\$32,539	\$34,230	\$34,487	
Per Capita P.I. (real)	\$33,293	\$33,087	\$35,205	\$34,487	
School Enrollment					
Annual enrollment	5,718	5,652	5,486	5,460	5,497
Building Permits					
New Housing Units	147	138	114	108	146
Total Value	\$19,603,362	\$17,129,613	\$19,463,657	\$19,347,717	\$23,151,367
New Commercial Buildings	17	30	32	32	16
Total Value	\$9,014,790	\$2,891,505	\$11,127,827	\$13,112,224	\$7,856,309
Gross Business Sales					
Annual sales (millions)	\$1,106.7	\$1,162.2	\$1,244.9	\$1,236.1	\$1,304.8
Traffic					
Cruise ship passenger volume	568,524	595,959	640,477	690,648	718,633
Airline passenger deplanements (jet only)	239,648	243,504	271,727	275,497	232,902
Ferry passengers	71,377	80,660	75,463	64,334	72,825
Ferry vehicles	18,242	19,868	19,096	16,683	18,632
Other Economic Indicators					
Anchorage Consumer Price Index	146.9	148.4	150.9	155.2	158.3
Annual Inflation		1.0%	1.7%	2.8%	2.0%
ACCRA Cost of Living Index	134.4	129.9	na	125.5	130.6

Juneau Indicators, June 2003

Detailed Employment and Payroll

	1998	1999	2000	2001	2002
Employment					
Private Sector Employment	9,668	9,756	10,111	9,924	9,817
Mining	313	295	291	286	285
Construction	685	720	796	790	901
Manufacturing	375	357	376	320	na
TCU ⁵	1,245	1,171	1,203	1,207	na
Wholesale Trade	306	342	325	297	na
Retail Trade	2,517	2,522	2,482	2,473	na
FIRE ⁵	676	519	573	581	na
Services	3,440	3,722	3,952	3,871	na
Agriculture, Forestry, Fishing	92	100	101	99	78
Other	19	8	12	0	0
Government Employment	6,793	6,905	6,937	7,365	7,526
Federal Government	847	865	876	852	891
State Government	4,237	4,271	4,288	4,444	4,548
Local Government	1,709	1,769	1,773	2,069	2,087
Average Monthly Earnings					
Private Sector Earnings					
Mining	*	*	*	*	
Construction	\$3,221	\$3,384	\$3,633	\$3,912	
Manufacturing	\$2,611	\$2,945	\$2,793	\$2,633	
TCU ⁵	\$2,770	\$2,807	\$2,937	\$3,127	
Wholesale Trade	\$2,596	\$2,487	\$2,710	\$2,759	
Retail Trade	\$1,556	\$1,573	\$1,557	\$1,596	
FIRE ⁵	\$3,113	\$3,014	\$3,132	\$3,085	
Services	\$1,686	\$1,753	\$1,784	\$1,782	
Agriculture, Forestry, Fishing	\$2,177	\$2,121	\$2,216	\$2,244	
Other	\$1,085	\$2,244	*	*	
Government Earnings					
Federal Government	\$4,526	\$4,491	\$4,739	\$5,006	
State Government	\$3,236	\$3,230	\$3,323	\$3,275	
Local Government	\$3,188	\$3,079	\$3,052	\$3,046	
Total Annual Earnings					
Private Sector Earnings					
Mining	*	*	*	*	
Construction	\$26,462,585	\$29,226,859	\$34,699,607	\$37,086,628	
Manufacturing	11,742,800	12,629,414	12,360,150	10,112,176	
TCU ⁵	41,376,512	39,433,519	42,394,680	45,297,046	
Wholesale Trade	9,536,722	10,200,920	10,568,733	9,833,647	
Retail Trade	46,995,163	47,607,203	46,369,649	47,353,697	
FIRE ⁵	25,262,784	18,757,685	21,532,844	21,506,845	
Services	69,592,586	78,286,262	84,589,980	82,785,102	
Agriculture, Forestry, Fishing	2,414,112	2,532,241	2,685,835	2,665,763	
Other	239,733	217,621	*	*	
Government Earnings					
Federal Government	45,916,243	46,614,442	49,814,518	51,186,125	
State Government	164,530,364	165,529,935	171,003,287	174,642,429	
Local Government	65,387,838	65,363,553	64,943,162	75,620,590	

*Non-disclosable data.

Table Notes

1. 2002 employment data is preliminary.
2. Employment numbers are based on quarterly employer reports of wages and employment mandated by the State of Alaska's unemployment insurance laws.
3. Labor force participation is based on a survey of individuals and businesses. The official definition of unemployment excludes anyone who has not made an active attempt to find work in the four-week period up to and including the week that includes the 12th of the reference month. Due to the scarcity of employment opportunities in rural Alaska, many individuals do not meet the official definition of unemployed because they have not conducted an active job search. They are considered not in the labor force.
4. The Federal Government recently revised the industry classification system from Standard Industrial Classification codes (SIC) to the North American Industry Classification System (NAICS). 2002 private sector payroll is reported using the new industry classification codes.
5. TCU is Transportation, Communications and Utilities. FIRE is Finance, Insurance and Real Estate.
6. Nominal dollars have not been adjusted to account for the effects of inflation. Real dollars have been adjusted for inflation, which reduces the dollars' purchasing power. Converting to real dollars allows for accurate year-to-year comparison of income. The Anchorage Consumer Price Index is used to adjust nominal dollars to real dollars.

Sources

Population – 2000 data from the US Census, all other years from the Alaska Department of Labor and Workforce Development (DOLWD))

Employment and Payroll – DOLWD

Average Monthly Wage – DOLWD

Labor Force – DOLWD

Total Southeast Employment – DOLWD

Personal Income – U.S. Bureau of Economic Analysis (BEA)

School Enrollment – City and Borough of Juneau (CBJ), Juneau School District

Building Permits – CBJ

Gross Business Sales – CBJ

Traffic

Cruise Ship Passenger Volume – Cruise Line Agencies of Alaska

Airline Passenger Enplanements – Juneau International Airport Manager's Office

Ferry Passengers and Vehicles – Alaska Marine Highway System (AMHS)

Anchorage Consumer Price Index – Bureau of Labor Statistics (BLS)

ACCRA Cost of Living – Composite Index. US average is indexed at 100. This indicates that in 2002, Juneau's cost of living was about 30 percent higher than the US average.