



# Juneau Economic Indicators

## October 2002

The past year has been no less than tumultuous in the national and global arenas from economic and political perspectives. Uncertainty in global markets, the statewide budget deficit, a vote on moving the legislature, and other factors have resulted in a relatively flat economic scene here in Southeast Alaska and Juneau. While 2002 will likely play out with some bright spots, Juneau remains lagging the U.S. and Alaska in indicators such as long-term per capita income growth and change in average wages. In addition, our cost of living is still high compared to the U.S. average as well as compared to the major cities of Alaska. Most important, the roll call of leading employers in Juneau clearly illustrates how poorly diversified Juneau's economy is. Juneau's dependency on government is of course inextricably tied to our oil economy. Over the past decade the highly volatile price of oil has ranged from a low of \$14/barrel to the current price of approximately \$30/barrel. However, North Slope production is 50% of what it was in the early 1990's and is expected to continue declining slowly. Obviously, being so reliant on a single-commodity economy is dangerous. As you will read from some of these indicators, now is the time to act. There is opportunity in Juneau and Southeast Alaska. One way to achieve economic diversification is to embrace and help new wealth creating businesses grow and prosper.

The staff and board at the Juneau Economic Development Council are confident our community is well positioned to make Juneau an even better place to live and work. To do this we must nurture new business and industry as well as support the existing economic base.. Our most important industry, state government, is threatened. Moving the legislature (which will immediately cost Juneau 380 jobs) will ultimately lead to a capital move. A McDowell Group study commissioned by the Alaska Committee showed Juneau would lose 5,000 jobs and 8,000 residents if the capital moves. Now is a time for all residents to do their part in preserving Juneau's economy by voting on November 5th!

Below is some economic information, compiled by the McDowell Group, which will help you to better appreciate how Juneau and Southeast Alaska compare and contrast to the state and the nation. We at JEDC believe basic information is necessary for all residents to understand where we have been and where we should go with respect to economic diversification and economic vitality. As always we would appreciate your ideas and comments.

Sincerely,

Lance Miller, Ph.D.

Executive Director, Juneau Economic Development Council

[www.jedc.org/ph](http://www.jedc.org/ph) 907-463-3662



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Real, inflation-adjusted income for the Juneau area is about 16 percent above the statewide and US averages.

Real per capita income remains stagnant, with the 2000 per capita income only \$271 above the 1990 inflation-adjusted per capita income. This compares to increases of \$766 statewide and over \$3,700 for the US as a whole.

## Per Capita Income

Table 1

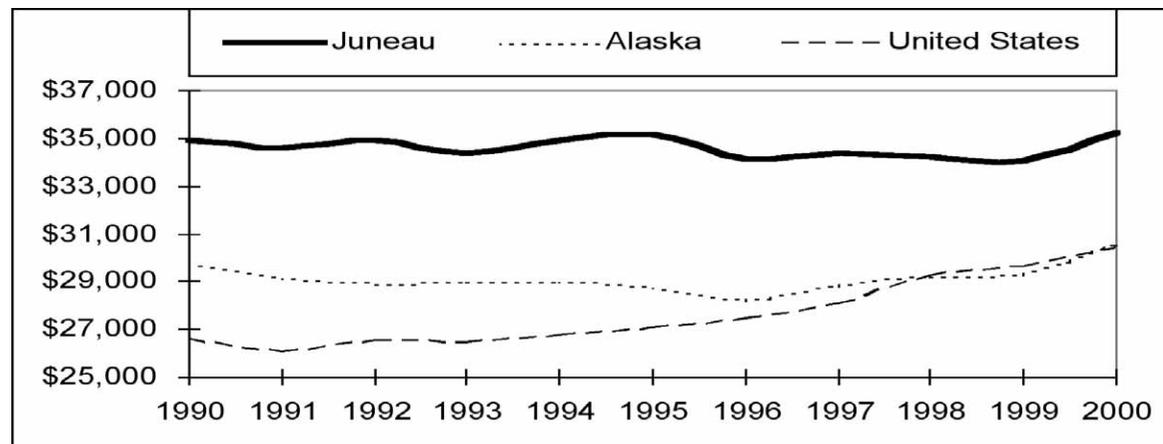
	Per Capita Income			Percent Change	
	1990	1999	2000	1999-2000	1990-2000
Juneau	\$34,934	\$34,030	\$35,205	3%	1%
Alaska	\$29,721	\$29,277	\$30,487	4%	3%
United States	\$26,520	\$29,598	\$30,308	2%	14%

Source: Bureau of Economic Analysis and McDowell Group.

## Total Personal Income Growth

Total personal income for Juneau residents rose 14 percent from 1990 to 2000 – nearly five times the income growth for residents elsewhere in Southeast Alaska. Statewide, personal income grew 16 percent, and in the US, 29 percent.

Figure 1



Source: BEA and McDowell Group.

## Total Personal Income

Table 2

	Total Personal Income Change	
	1990-2000	1999-2000
Juneau Borough	14%	3%
Southeast	3%	3%
Alaska	16%	5%
United States	29%	4%

Source: BEA and McDowell Group.

## Change in Average Wages

Real average wages in Juneau declined 7 percent from 1990 to 2000. During the same period, average wages increased 13 percent. From 1999 to 2000, wages increased in the US at a rate four times faster than that of Juneau.

Table 3

	Per Capita Income			Percent Change	
	1990 Average Wage	1999 Average Wage	2000 Average Wage	Change 1990-2000	Change 1999-2000
Juneau Borough	\$37,258	\$34,445	\$34,649	-7%	+0.6%
Southeast	\$34,178	\$30,272	\$30,428	-14%	+0.5%
Alaska	\$37,582	\$35,044	\$35,522	-5%	+1.4%
United States	\$31,602	\$34,780	\$35,638	+13%	+2.5%

Both median household and family inflation-adjusted income in Juneau and Alaska declined from 1989 to 1999, whereas the same values increased for the US as a whole.

### Median Household Income, Inflation-Adjusted Dollars

Table 4

	1989	1999	Change
Juneau	\$66,587	\$64,877	-3%
Alaska	\$57,534	\$53,934	-6%
United States	\$42,980	\$44,641	+4%

Source: US Census.

### Median Family Income, Inflation-Adjusted Dollars

Table 5

	1989	1999	Change
Juneau	\$75,152	\$73,505	-2%
Alaska	\$64,721	\$61,741	-5%
United States	\$50,372	\$53,200	+6%

Source: US Census.

The cost of living in Juneau in 2002 is about 31 percent higher than the US average. Healthcare, housing and utilities show the highest above-average costs. Healthcare costs increased from 61 to 65 percent above the US average from 2001 to 2002, with housing and utilities each increasing by about 10 percentage points.

### Juneau Cost Standards (2001)

Table 7

	Juneau	Alaska	US
Housing	\$19,760	\$17,221	\$13,507
Taxation	\$2,448	\$2,448	\$3,083
Transportation	\$4,649	\$4,778	\$4,512
Misc. Goods/Services	\$11,554	\$11,336	\$10,890
<b>Total Costs</b>	<b>\$38,411</b>	<b>\$35,783</b>	<b>\$32,006</b>

Source: Runzheimer International Living Cost Standards, June 2002 *Alaska Trends*, ADOLWD.

### Juneau Cost of Living (2002)

Table 6

Category	Cost of Living Index	
	2001	2002
Composite Index	125.5	130.6
Grocery	128.1	124.0
Housing	132.6	143.9
Utilities	133.9	143.6
Trans	144.4	139.3
Health	160.6	165.4
Misc.	114.1	111.3

Overall living cost standards are higher for Juneau residents than Alaska and US residents.

The high cost of housing helps to push Juneau's standards higher, along with higher-costing goods and services. However, Juneau enjoys lower taxation standards than elsewhere in the US.

## Residential Electricity Rates (2001)

Juneau enjoys one of the lowest household power rates in the state. Rates for Angoon, Hoonah and Kake, however, are over four times that of Juneau.

Table 8

Category	Cost of Living Index	
	2001	2002
Juneau	\$0.084	\$0.084
Anchorage	\$0.109	\$0.104
Fairbanks	\$0.104	\$0.082
Angoon, Hoonah, Kake	\$.328	\$.328

Source: AELP, Chugach Electric, GVEA, and Tlingit and Haida Regional Electric Authority. Rates for Angoon, Hoonah and Kake do not include Power Cost Equalization adjustment for the first 500 kilowatt hours of usage. Rates for these communities including the PCE were \$0.173 in 2001 and \$0.222 in 2002 for the first 400 kwh of usage.

## Employment

Table 9

	Percent Change			
	1999	2000	1990-2000	1999-2000
Juneau	21,529	22,046	+22%	+2.4%
Alaska	388,895	399,643	+17%	+2.8%
United States	163,831,100	167,465,300	2%	14%

Employment in Juneau increased more than US employment and less than the statewide average from 1999 to 2000.

Source: BEA

One third of Juneau's overall employment is in the public sector – compared to 23 percent of statewide employment, and just 15 percent of nationwide employment.

## Employment by Industry (2001)

Table 10

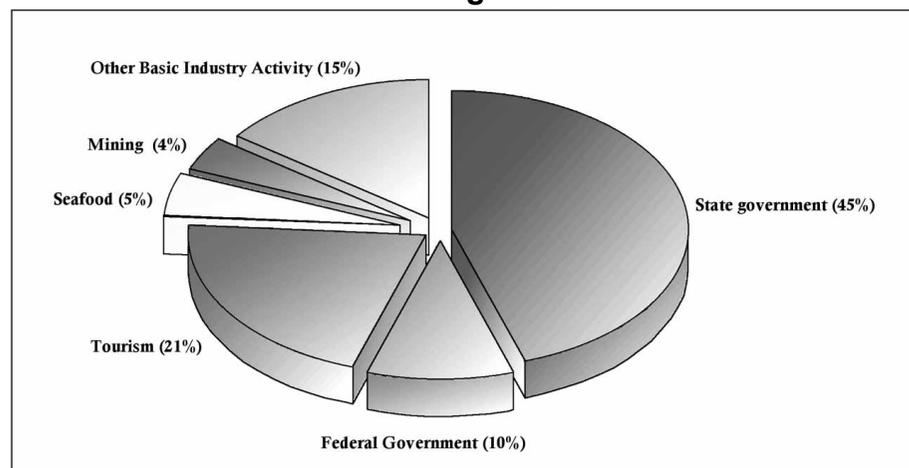
	Juneau	Alaska	U.S.
<b>Private Employment</b>	<b>67%</b>	<b>76%</b>	<b>86%</b>
Ag. services, forestry, fishing, & other	NA	5%	1%
Mining	NA	3%	0.5%
Construction	5%	5%	6%
Manufacturing	2%	4%	11%
Transportation and public utilities	6%	8%	5%
Wholesale trade	2%	3%	5%
Retail trade	14%	15%	16%
Finance, insurance, and real estate	4%	6%	8%
Services	29%	28%	32%
<b>Government employment</b>	<b>33%</b>	<b>23%</b>	<b>14%</b>
Federal, civilian	4%	4%	2%
Military	2%	6%	1%
State	19%	6%	3%
Local	8%	8%	8%

Source: BEA and Alaska Department of Labor

Nearly half of all *basic sector* jobs in Juneau are in state government, with another 10 percent in federal government. Local earnings are even more dependent on state and federal government, which account for 65 percent of all basic sector payroll.

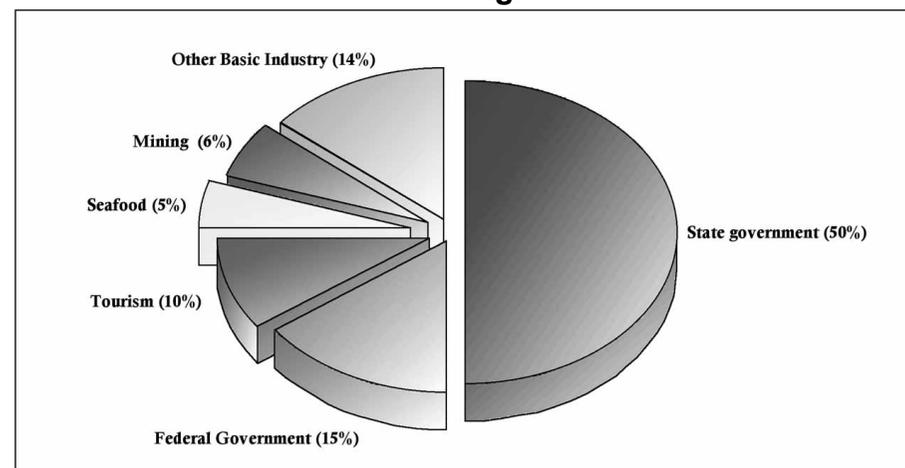
### **Components of Basic Sector Employment in Juneau, 2000-2001**

Figure 2



### **Components of Basic Sector Payroll in Juneau, 2000-2001**

Figure 3



The vast majority of Juneau's top employers are government-related. Only five out of 25 top employers are private for-profit companies, while another four are non-profit organizations.

## **Top 25 Employers in Juneau, 2001**

### **Ranked by Annual Average Employment**

Table 11

<b>Employer</b>	<b>Annual Average</b>
Juneau School District	746
Alaska Department of Transportation & Public Facilities	728
City and Borough of Juneau	601
Alaska Department of Health & Social Services	431
Alaska Department of Administration	396
Bartlett Regional Hospital	378
Alaska Department of Labor	330
Alaska Department of Fish & Game	312
Alaska Department of Education	300
Alaska Department of Legislative Affairs	298
University of Alaska	296
<b>Greens Creek Mining Co.</b>	<b>266</b>
US Department of Agriculture/Nat. Financial Center	265
Central Council Tlingit and Haida	211
NOAA/NMFS	200
REACH Inc.	192
<b>Fred Meyer Inc.</b>	<b>190</b>
<b>Alaska Airlines</b>	<b>180</b>
Alaska Department of Commerce and Economic Development	176
Alaska Department of Revenue	174
<i>Catholic Community Services</i>	149
<b>Kmart Corp</b>	<b>143</b>
Alaska Department of Environmental Conservation	142
Alaska Department of Transportation	136

Source: Alaska Department of Labor and Workforce Development, preliminary data. Compiled by the McDowell Group.

## Harvest Value from Southeast Waters, 1997 and 2001 Ex-Vessel Value

Table 12

	1997 Value (000's)	2001 Value (000's)
Salmon	\$85,700	\$92,800
Sablefish	\$34,300	\$23,600
Halibut	\$20,100	\$18,500
Shellfish	\$14,000	\$14,400
Herring	\$7,200	\$5,900
Dive fisheries	\$4,100	\$5,700
<b>Total</b>	<b>\$165,000</b>	<b>\$161,000</b>

Source: Commercial Fisheries Entry Commission

Fisheries earnings of Juneau residents are consistent with regional trends. Compared to five years ago, salmon earnings are up slightly and sablefish earnings are down. Halibut earnings specific to Juneau residents are not available for 2001 but are probably up from 1997 based on higher prices paid in Juneau. Juneau gained two places in the port rankings between 1997 and 2001 and is now the sixth-largest halibut landing port in Alaska.

## Fishery Earnings by Juneau Residents, 1997 and 2001 Ex-Vessel Value

Table 13

	1997 Value (000's)	2001 Value (000's)
Salmon	\$5,398	\$5,689
Sablefish	\$4,588	\$2,849
Halibut	\$3,582	NA
Shellfish	\$1,663	\$1,591
Herring	\$564	\$303
Dive fisheries	\$141	\$223
<b>Total</b>	<b>\$15,972</b>	<b>\$10,732</b>

Source: Commercial Fisheries Entry Commission

## Saltwater Fishing Effort in the Juneau Area, 1996 to 1999

Sport fishing is also important to Juneau retailers, fishing guides, fuel providers, and boat dealers. Saltwater effort in Juneau ranged from about 84,000 angler-days in 1996 to over 118,000 angler-days in 1999. Chinook and coho catches ranged from 37,000 fish in 1998 to 63,000 in 1999, and indicated anglers caught a fish, on average, about every other day of fishing. More recent data is not yet available.

Table 14

Year	Non-Resident Effort	Resident Effort	TOTAL Effort	Chinook & Coho Catch
1996	25,700	58,173	83,873	47,000
1997	27,398	69,289	96,687	43,000
1998	20,515	64,760	85,275	37,000
1999	30,659	87,920	118,579	63,000

Source: ADFG

Commercial salmon fishing remains the cornerstone fishery of the southeast region, accounting for \$93 million in value in 2001. A strong pink return and a 10-year high chum price bolstered regional value. Over 90 percent of the Southeast Alaska salmon harvest volume is pink and chum salmon and these species see limited market impacts from farmed salmon.

Compared to five years ago, regional sablefish value is down substantially, as lower biomass in state-managed waters calls for reduced harvest quotas. The Southeast halibut quota is down slightly from 1997, but this is offset by higher prices.

## Resident and Non-Resident Sport Fishing and Hunting Licenses, 1998 to 2001

Statewide, the number of non-resident sport fishing licenses issued declined between 2000 and 2001, as did the number of non-resident hunting licenses. The number of resident hunting licenses also declined.

Table 15

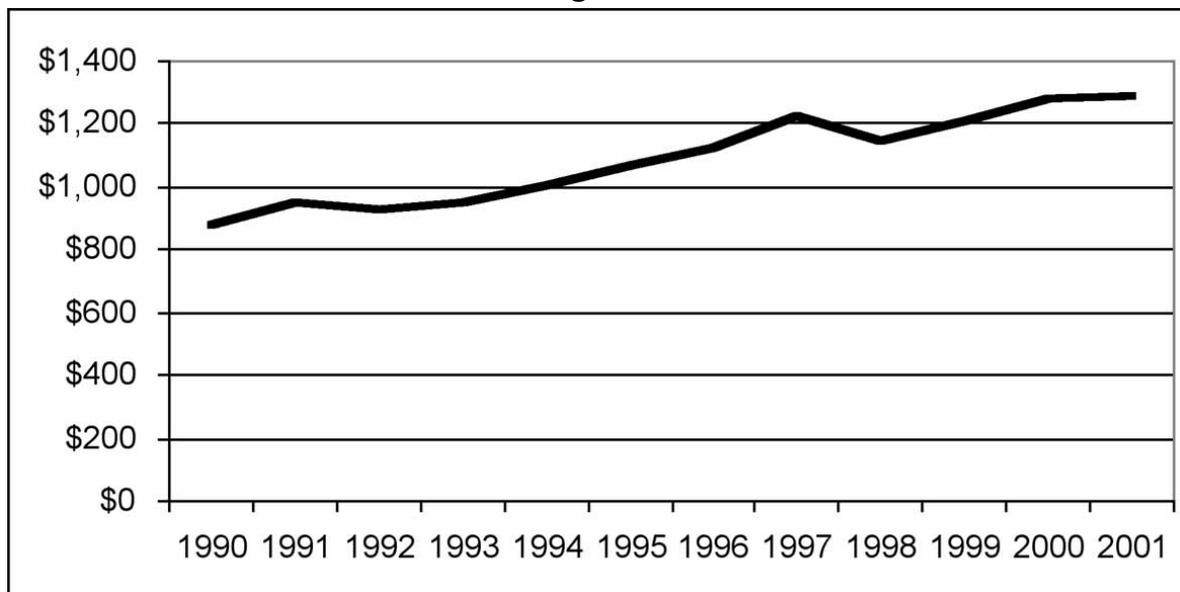
Year	Non-Resident Sport Fishing	Resident Sport Fishing	Non-Resident Hunting	Resident Hunting
1998	254,075	170,016	14,173	82,346
1999	267,762	169,059	12,339	82,305
2000	279,476	173,257	14,464	83,017
2001	273,603	173,470	11,978	81,334

Source: ADFG

## Gross Business Sales

Figure 4

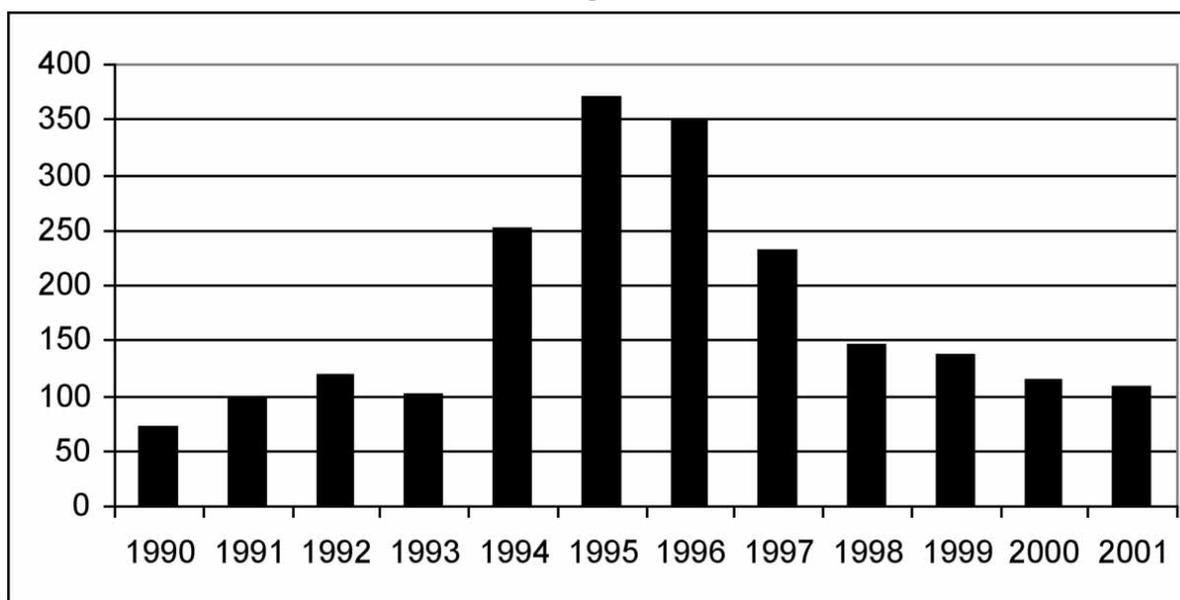
Inflation-adjusted gross business sales increased by 46 percent from 1990 to 2001, and 5 percent from 1997 to 2001. Gross sales in the "other" category exceeded \$200 million in 2000, with general retail sales, professional services, contracting, and transportation and freight categories each grossing over \$100 million in sales in 2000.



## New Residential Construction (Number of New Dwelling Units Constructed in Juneau, 1990-2001)

Figure 5

After peaking in 1995 at over 350 units, new residential construction showed its sixth consecutive year of decline to just over 100 units in 2001.



## Population

Table 16

	2000	Change 1990-2000	2001
Juneau	30,711	+13.6%	30,903
Alaska	626,932	+6.2%	634,892
Southeast Alaska	73,082	+13.3%	NA
United States	282,124,631	+12.4%	284,796,887

Juneau and Alaska showed greater population growth than the US from 1990 to 2000, with Juneau growth slightly ahead of the overall Alaska growth. The 2001 population showed modest increases for Juneau, Alaska and the US. The 2001 population numbers are estimated differently from the 1990 and 2000 census information, and therefore are not directly comparable.

# Median Age

Table 17

	1990	2000	Change
Juneau	31.7	35.3	+11.3%
Alaska	29.2	32.4	+11.0%
United States	32.8	35.3	+7.6%

Median age in Juneau and the US is higher than the statewide median age. Median age in Juneau increased more than it did in the rest of the state or the US between 1990 and 2000.

# Public School Enrollment

Table 18

	2000	2001	Change 1990-2000	Change 2000-2001
Juneau	5,463	5,540	+10.9%	+1.4%
Alaska	132,146	133,105	+15.7%	+0.7%
United States	51,125,000	52,304,450	+12.2%	+0.3%

Juneau's school enrollment increased at a slower rate than statewide and US enrollments from 1990 to 2000. However, enrollment increased at double the statewide rate and more than triple the US rate from 2000 to 2001.

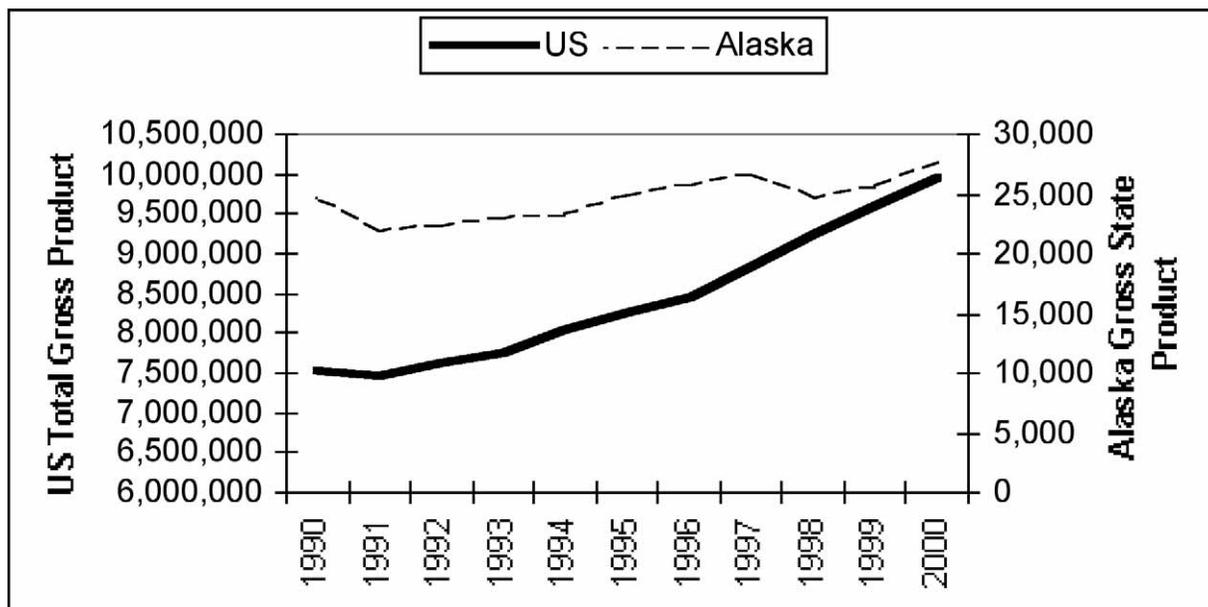
# Gross Product

Table 19

	Change		2000 National Ranking
	1992-1999	1999-2000	
Juneau	31.7	35.3	+11.3%
Alaska	29.2	32.4	+11.0%
United States	32.8	35.3	+7.6%

Alaska's gross state product (a measure of all goods and services produced in Alaska) is stagnant relative to the US. Alaska's gross state product is largely dependent on the price of oil.

Figure 6



# Gross Product for the US and Alaska (millions of dollars)

