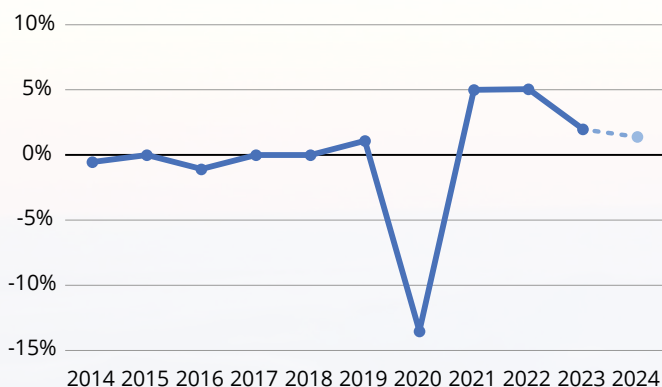


# Southeast jobs forecast for 2024

## More modest growth and the impact of demographics

A fourth year of job recovery on the horizon for Southeast, but smaller



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

By DAN ROBINSON

Southeast Alaska added 700 jobs in 2023 and is forecasted to add 500 more in 2024. That equates to 1.4 percent growth, a second year of modest gains after the initially strong rebound from pandemic lows.

With the COVID-related disruptions mostly behind us, this year's forecast looks at the region's key economic drivers — the industries that bring money into the region by providing goods and services to people outside of it — and also details the growing importance of demographic trends.

### Southeast's economic pillars

Four sectors of Southeast's economy are

## The outlook for Southeast Region jobs, by industry

	Monthly avg, 2022 <sup>1</sup>	Monthly avg, 2023 <sup>1</sup>	Change, 2022-23	Percent change	JOBS FORECAST		
					Monthly avg, 2024	Change, 2023-24	Percent change
<b>Total Nonfarm Employment<sup>2</sup></b>	<b>35,300</b>	<b>36,000</b>	<b>700</b>	<b>2.0%</b>	<b>36,500</b>	<b>500</b>	<b>1.4%</b>
Total Private	23,300	24,000	700	3.0%	24,400	400	1.7%
Mining and Logging	1,100	1,100	0	0%	1,100	0	0%
Construction	1,400	1,500	100	7.1%	1,500	0	0%
Manufacturing	1,700	1,700	0	0%	1,600	-100	-5.9%
Seafood Processing	1,200	1,200	0	0%	1,100	-100	-8.3%
Trade, Transportation, and Utilities	6,900	7,200	300	4.3%	7,300	100	1.4%
Retail Trade	4,000	4,100	100	2.5%	4,200	100	2.4%
Information	400	400	0	0%	400	0	0%
Financial Activities	900	900	0	0%	900	0	0%
Professional and Business Services	1,700	1,700	0	0%	1,800	100	5.9%
Educational (private) and Health Services	4,100	4,200	100	2.4%	4,300	100	2.4%
Health Care	2,700	2,800	100	3.7%	3,000	200	7.1%
Leisure and Hospitality	4,000	4,200	200	5.0%	4,400	200	4.8%
Other Services	1,100	1,100	0	0%	1,100	0	0%
Total Government	12,000	12,000	0	0%	12,100	100	0.8%
Federal, except military	1,400	1,400	0	0%	1,400	0	0%
State, incl. University of Alaska	4,300	4,200	-100	-2.3%	4,300	100	2.4%
Local and tribal, incl. public schools	6,300	6,400	100	1.6%	6,400	0	0%

<sup>1</sup>Preliminary and adjusted estimates. <sup>2</sup>Excludes the self-employed, uniformed military, most commercial fishermen, domestic workers, and unpaid family workers.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

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disproportionately influential in determining whether it will grow or decline in 2024 and beyond: tourism, fishing and seafood, mining, and the combination of state and federal government. All of those inject dollars into the region that circulate in different ways and to varying degrees through other parts of the economy.

That's easy to see with the first three economic drivers — nearly all cruise ship passengers come from outside Southeast, most of our seafood harvest is sold outside, and the gold, silver, and other metals extracted from the Greens Creek and Kensington mines are shipped out of Southeast for further processing and industrial and commercial use around the world.

Thinking of government as an economic driver is less intuitive, but the 5,600 state and federal civilian government jobs plus the significant numbers of U.S. Coast Guard personnel in Sitka and Juneau (uniformed military are not counted in standard government employment numbers) are funded by federal and state revenue, and the services they provide benefit the entire state or nation.

## Strong tourism and federal government spending in 2024

Southeast set cruise ship passenger records in 2023 — 1.65 million arrived in Juneau, all of whom made additional stops throughout the region — and the numbers are expected to hit 1.7 million in 2024.

For context, the 2023 numbers are 23 percent above the previous high set in 2019 before the pandemic halted cruise ship tourism, which returned in smaller amounts over the two years that followed.

The ships have also been arriving earlier and continuing to come until later. The first 2024 cruise ship will arrive in early April and the last ship is scheduled for late October. Historically, almost all of the ships came between mid-May and mid-September.

Growth of that magnitude will add revenue and create or stabilize jobs in a variety of industries, including leisure and hospitality, retail trade, transportation, and local government.

Another robust contributor to 2024 jobs will be federal money from the 2021 Infrastructure

## Loss of working-age population by area in Southeast, 2013-2022

	2013	2022	Change	% Change
Haines	1,625	1,432	-193	-11.9%
Hoonah-Angoon	1,454	1,257	-197	-13.5%
Juneau	22,351	20,285	-2,066	-9.2%
Ketchikan	8,962	8,270	-692	-7.7%
Petersburg	2,007	1,822	-185	-9.2%
Prince of Wales-Hyder	4,027	3,265	-762	-18.9%
Sitka	5,770	5,076	-694	-12.0%
Skagway	738	716	-22	-3.0%
Wrangell	1,446	1,080	-366	-25.3%
Yakutat	420	396	-24	-5.7%
<b>Total Southeast</b>	<b>48,800</b>	<b>43,599</b>	<b>-5,201</b>	<b>-10.7%</b>

Note: Working age is 18 to 64.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Investment and Jobs Act, which will include billions in new investments nationwide covering energy and power, broadband, and traditional land and water transportation infrastructure.

Alaska will receive more per capita than any other state, and in Southeast Alaska, hundreds of millions of dollars will be dedicated to the Alaska Marine Highway System — the state's ferries. The money will help AMHS acquire new ferries, build and repair shore-based infrastructure, and improve operations.

State ferries have long provided critical connections within the region, to the Lower 48, and to the rest of coastal Alaska, but the system has struggled with declining service levels for years for a variety of reasons, including significant budget cuts.

As recently as 2012, the ferries transported about 263,000 Southeast riders a year, but ridership has steadily fallen over the last decade and totaled just 152,000 by 2019. For context, ferry traffic declined 57 percent in the region over a period when the region's population fell about 3 percent.

Following the COVID-related disruptions of 2020, traffic has climbed over the last few years and reached about 114,000 in 2022, a big jump from 2021 but still less than half the ridership of 10 years earlier.

## Stability in mining and state government jobs

Mining's nearly 1,000 jobs — almost all at the two

## Cruise ship passenger numbers hit a new high in 2023



**Sources:** Cruise Industry News, 2022 Annual Report; 2021 Rain Coast data; and Cruise Lines International Association, 2022-2023

Juneau-area mines, Greens Creek and Kensington — pay well over \$100 million a year in wages and are often the largest sources of property tax revenue for the City and Borough of Juneau. Employment has been stable at that level for a decade now and no big changes are expected in 2024.

State government has had a very different decade. Since 2012, the total number of state government jobs in Southeast — including University of Alaska campuses in the region — has fallen from 5,600 to 4,300, a drop of 23 percent.

Since 2020, though, state government’s job counts have been almost flat, with some of the declines attributable to the state’s inability to fill an unusually large number of open positions. Significant budget cuts aren’t anticipated in 2024, either to state agencies or the University of Alaska.

### Disruptions in Southeast’s critical fisheries in 2024

More workers harvest fish and seafood in Southeast Alaska than anywhere in the state besides Southwest. The most recent estimates show average monthly employment of more than 1,700 in 2022, with the summer peak topping 3,500. ([See the November 2023 issue.](#)) An additional 1,200 work in seafood processing jobs, a number that hit around 2,500 at the season’s peak in recent years.

After high prices and big harvests in 2022, prices for salmon fell hard in 2023, making it a tough year for fish harvesters in the region. The latest news is that Trident Seafoods, Alaska’s largest processor, plans to sell a third of its Alaska plants, including facilities in Ketchikan and Petersburg.

It’s too soon to tell what the attempts to sell the plants will mean for the 2024 salmon season, but

the market for salmon has been up and down dramatically in recent years. Although harvests are generally strong — boding well for the longer term — the next few years will probably be chaotic for prices and processing capacity.

### Long-term demographic trends present additional challenges

If demographics weren’t a factor, the substantial influx of federal dollars and tourism-related spending in 2024 would likely generate strong job growth for the region. But Southeast’s working-age population — people between 18 and 64 — has declined and will likely continue to decrease for at least a few more years.

Although the region’s total population of 72,218 is about a thousand people below its 2000 level, the region’s working-age population fell by only 6,500 over that period. It’s difficult to produce job growth without growth in the working-age population.

Negative net migration — more people moving out of the region than moving into it — over the last decade or so is the main reason for those losses. That mirrors the pattern in most of the state, with the Matanuska-Susitna Borough being the most notable exception. ([See the March 2023 issue.](#))

The other major driver is that baby boomers — the especially large cohort born from 1946 to 1964 — are aging out of their prime working years.

### All 10 boroughs/census areas have lost working-age people

Skagway’s working-age decline from 2013 to 2022 was smallest in Southeast at just 3 percent and

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Wrangell's was largest at 25 percent, but there were no exceptions to the region-wide downward trend. (See the table on the previous page.)

One of the challenges ahead is that a smaller percentage of the total population is working-aged. Because the overall population is nearly stable in the region, that means the number of people who need goods and services hasn't changed dramatically but the number of people available to do the work to provide them has.

Understanding how all this will affect the region's ability to add jobs is a new challenge for economists. Typically, growth in a region's basic sectors consistently produces employment and population growth.

### Job openings reflect these shifts

One of the early signs that something big changed in recent years was a large increase in job openings. There have been roughly two open jobs in Alaska for every person actively looking for a job for over a year now. These numbers aren't available for Southeast but are probably similar. It's far more normal for the relationship to be reversed: up to twice as many job seekers as open positions.

Employers will navigate this much more competitive market for workers with different degrees of success, but overall there just won't be enough bodies to fill all of the positions employers would like to fill. It's one of the reasons migration and considerations about the quality of life have become increasingly important to an area's ability to compete with other places for workers.

### Migration and quality of life key to staying competitive

Residents' overall assessment of the quality of life in their communities is a more nebulous economic

Places where more people are moving in than out tend to be places with strong and growing economies.

driver but a critical contributor to a region's economic health. What makes a place somewhere people want to live is partly subjective, but data suggest that the strength of the job market, housing availability and affordability, the quality of K-12 schools, the climate, recreational and entertainment options, and health care cost and access all play important roles. Being a place where people want to live also brings money into an economy and keeps it circulating once it's there.

Quality of life is a hard thing to measure. The clearest way to assess whether a community has the combination of things people are looking for is to determine whether more people are moving in than out. By that measure, South-

east and Alaska as a whole have struggled over the last decade.

From 2012 to 2022, Southeast had a net migration loss of 4,610 people, a hit of 6.2 percent. (The region's total population didn't fall that much, though, because the other factor that drives population change is births minus deaths, and that number was positive over the decade.)

Among the region's 10 boroughs and census areas, the biggest percentage losses to migration were in the Prince of Wales/Hyder Census Area (-12.6 percent), Wrangell (-12.1 percent), and Sitka (-9.4 percent).

Petersburg eked out a small 0.3 percent gain while the Hoonah-Angoon Census Area added 2.8 percent and Skagway a robust 13.8 percent.

Juneau and Haines had migration-related population losses of 6.3 percent over the 2012-2022 period, Ketchikan's were slightly lower at 4.7 percent, and Yakutat was nearly flat with a loss of just 0.6 percent.

More than ever, communities that can attract people to live there and retain their existing populations will have an advantage in the competition for workers.

Dan Robinson is chief of the Research and Analysis Section. Reach him at (907) 465-6040 or dan.robinson@alaska.gov.