

Alaska's Economy: Implications for Ports and Harbors

A presentation by Mike Fisher

AAHPA Port & Harbor Lunch Series

October 6, 2020



Agenda

- Where we are
- Where we're going
- What that means for funding and infrastructure

Where We Are

The news is a forecast telling us that there's a storm coming our way and it's called COVID-19.

As I see it that leaves us with really only one choice, secure for a severe storm, check all systems, constantly and consistently inform the crew and passengers, adjust speed and course up into the weather, and brace for a long rough ride.

In the end the same rules that we use to be safe when at sea apply here and now.

* Keep a close watch on the ship and the crew. *

* There will be things that go wrong. Plan for it, Prioritize, take them one at a time, fix it and move on. *

* Don't panic; panic kills. *

* Plan for the worst and hope and pray for the best. *

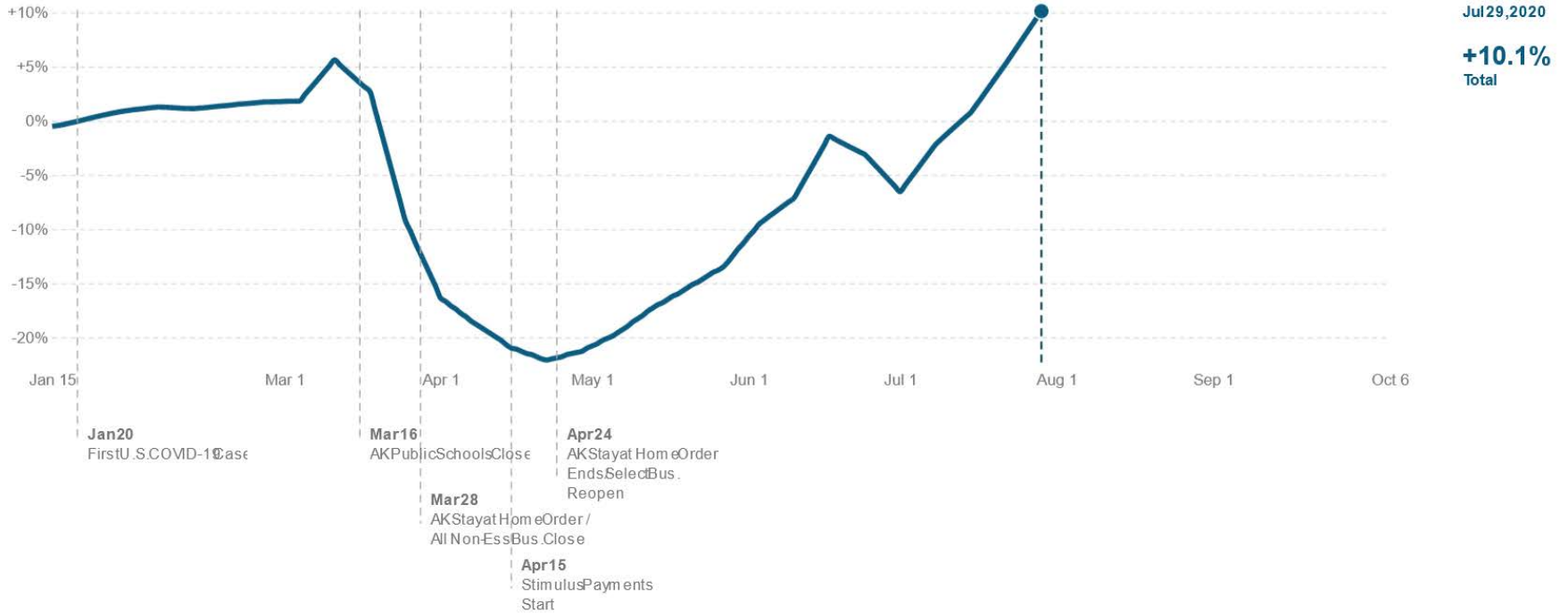
We're all in this together. Let's stay connected and help whenever and wherever we can.

Best of health to us all,
Bryan

- Tourism
 - Cruise passengers
 - Air and highway tourists
 - In-state tourism
- Commercial Fishing
 - Natural factors led to a weak season
 - Human factors led to lower demand
 - Less demand from food service industry
 - Increased demand from cooking at home
 - Trade challenges
- Tariff wars
- Employment
- Household Spending

Percent Change in Employment*

In **Alaska** as of July 29 2020 employment rates increased by **10.1%** compared to January 2020 (not seasonally adjusted).

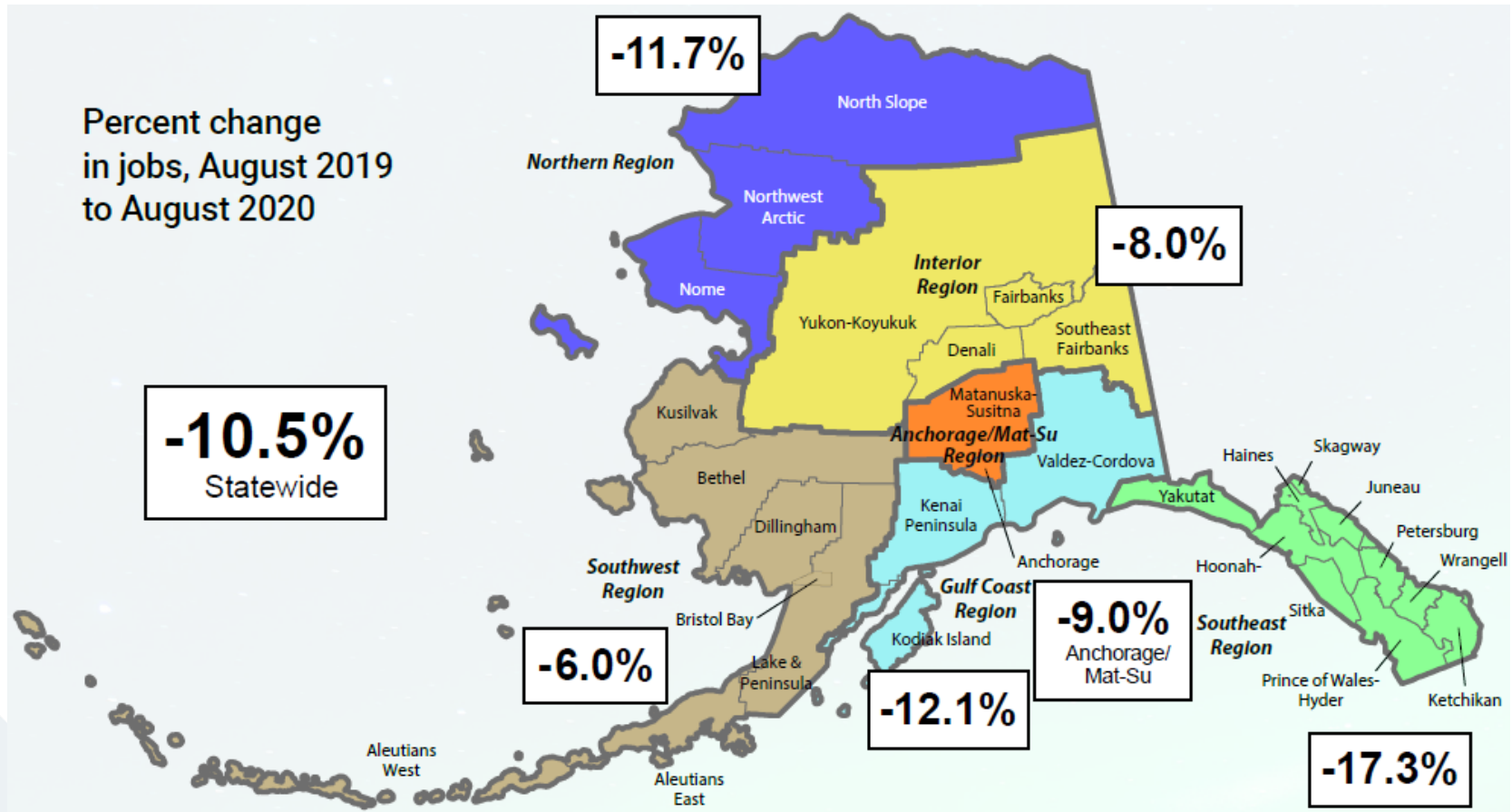


*Change in employment rates (not seasonally adjusted) indexed to January 4-31 2020. This series is based on payroll data from Paychex and Intuit, worker-level data on employment and earnings from Earnin, and timesheet data from Kronos. The dotted line in the low-wage series is a prediction of employment rates based on Kronos data.

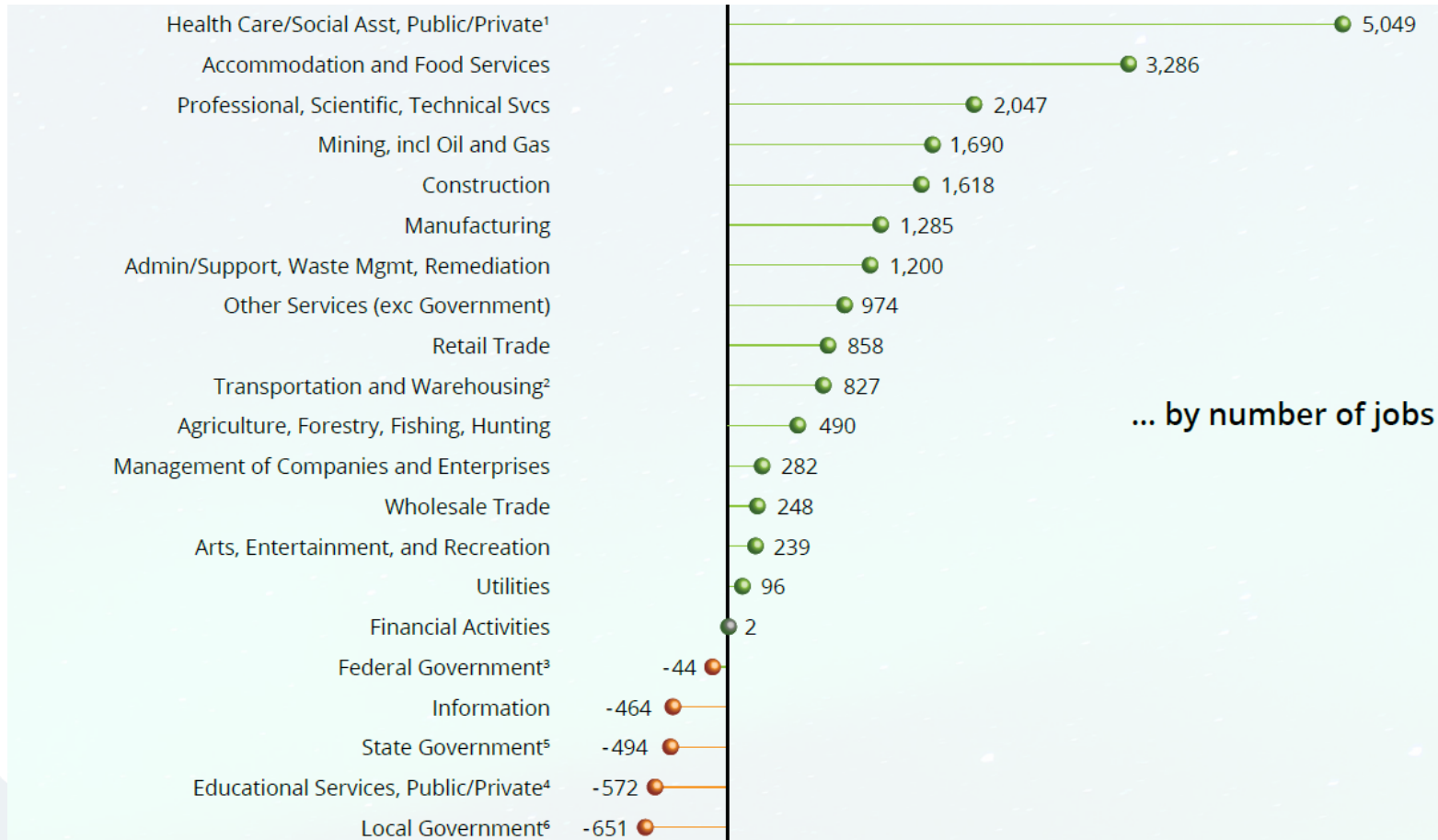
last updated: **September 23, 2020** next update expected **October 06, 2020**

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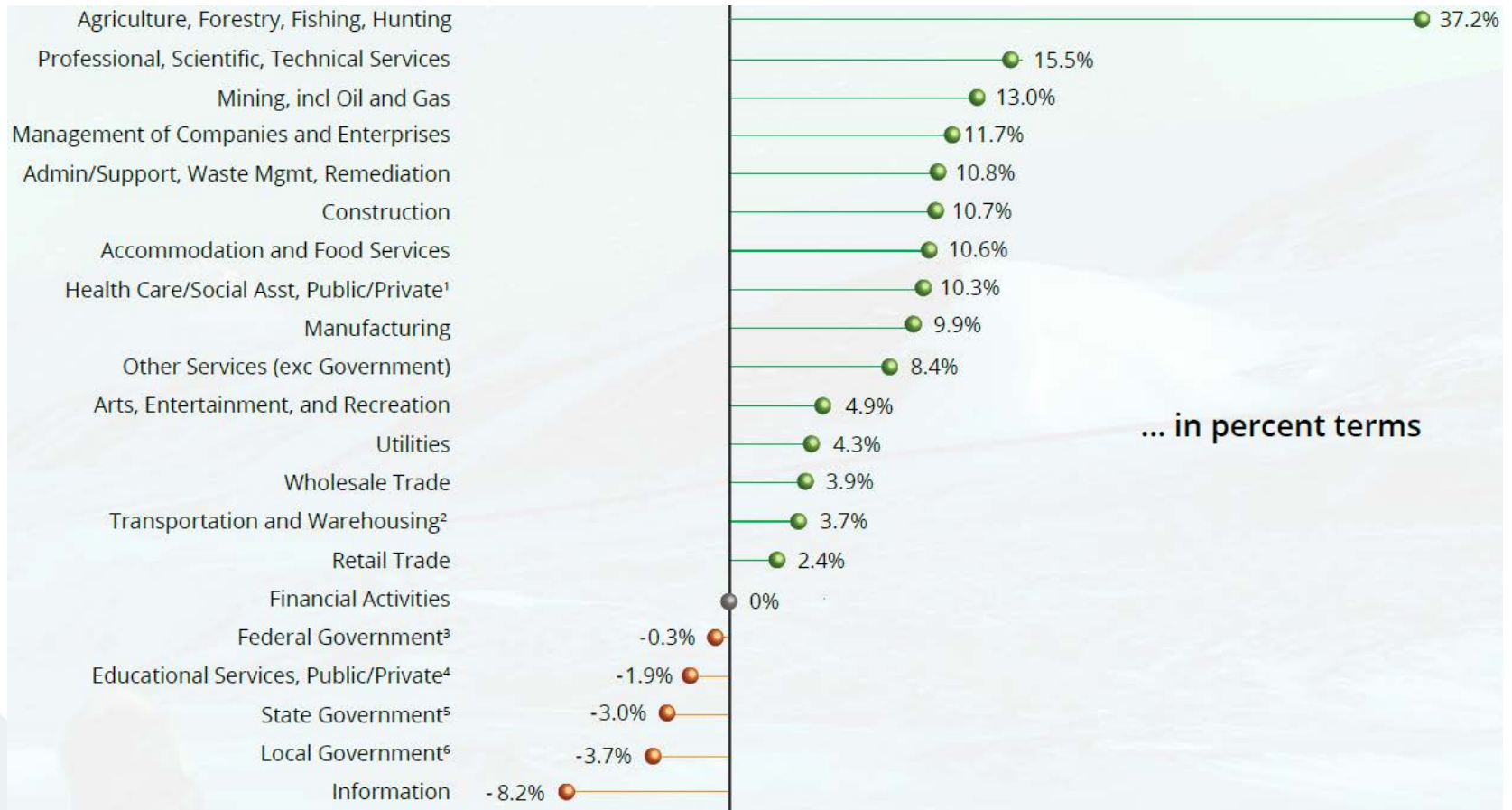
Employment Change by Region



Projected Job Growth or Loss by Alaska Industry, 2018–2028

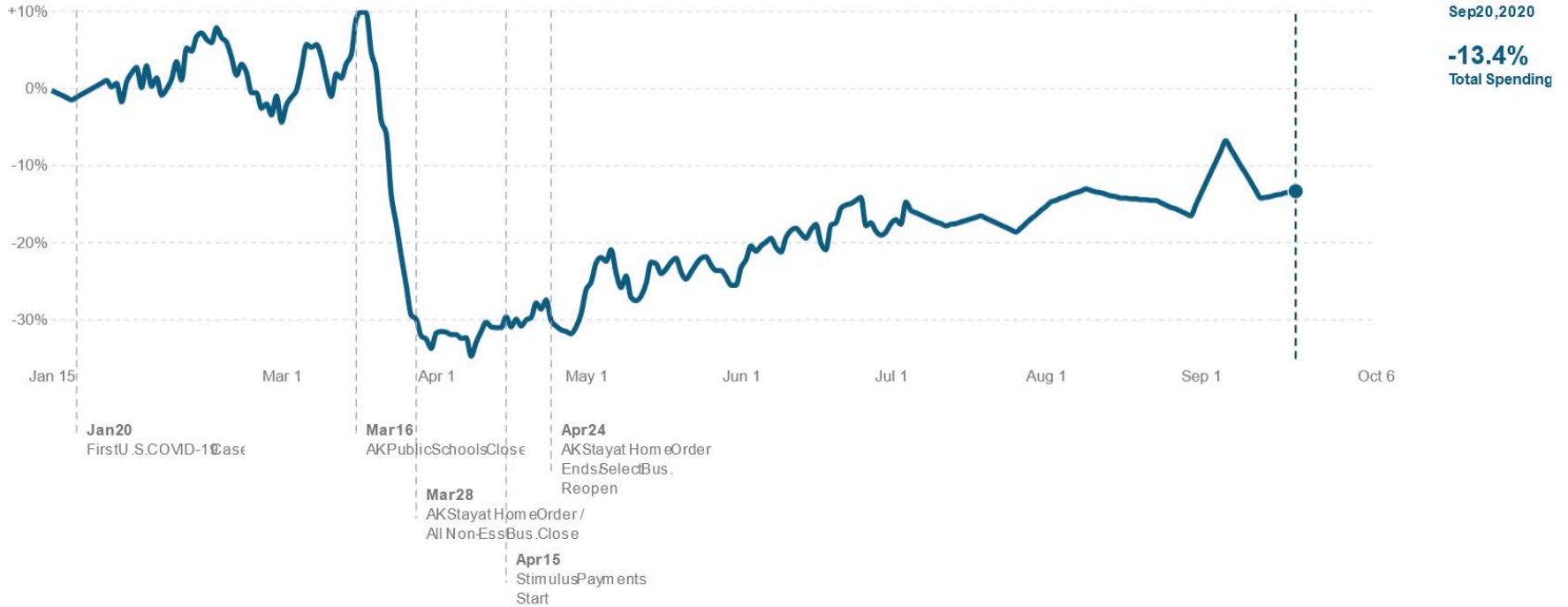


Projected Job Growth or Loss by Alaska Industry, 2018–2028



Percent Change in All Consumer Spending*

In **Alaska** as of September 20 2020 total spending by all consumers decreased by **13.4%** compared to January 2020.



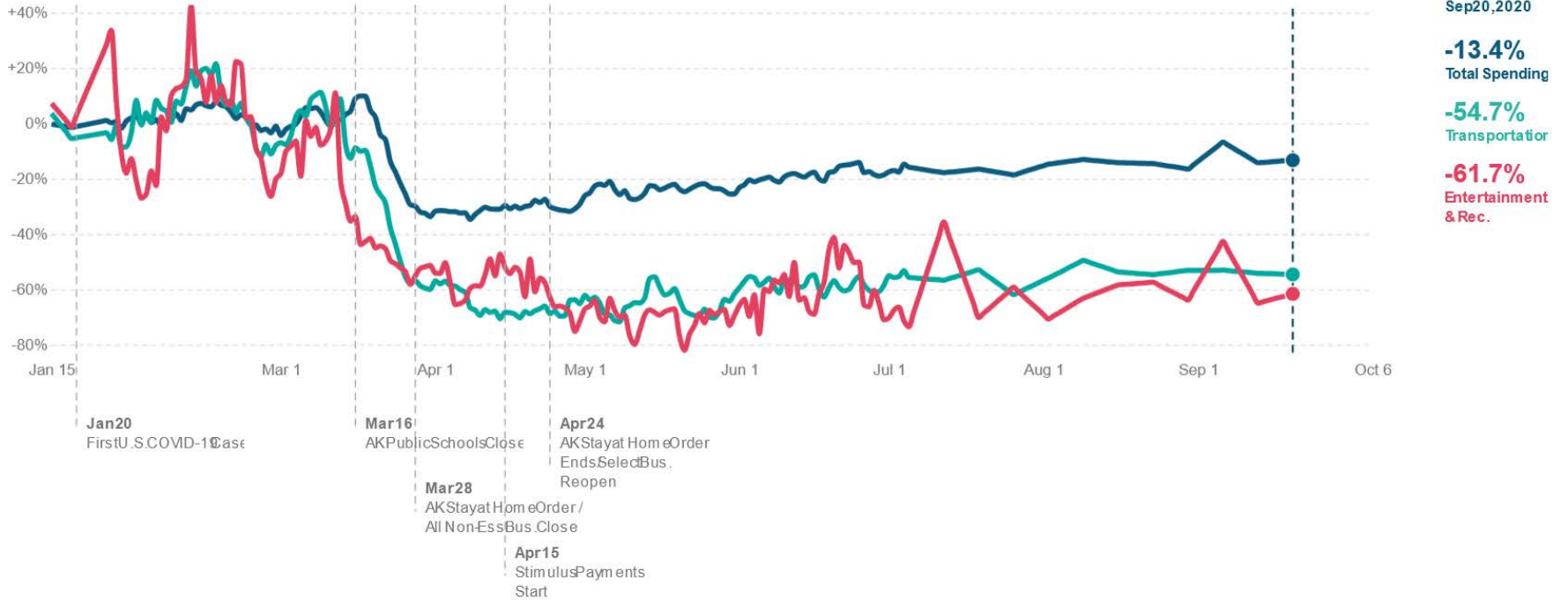
*Change in average consumer credit and debit card spending, indexed to January 4-31 2020 and seasonally adjusted. This series reflects daily data through July 5th, 2020 and weekly data after July 5th, 2020. This series is based on data from Affinity Solutions.

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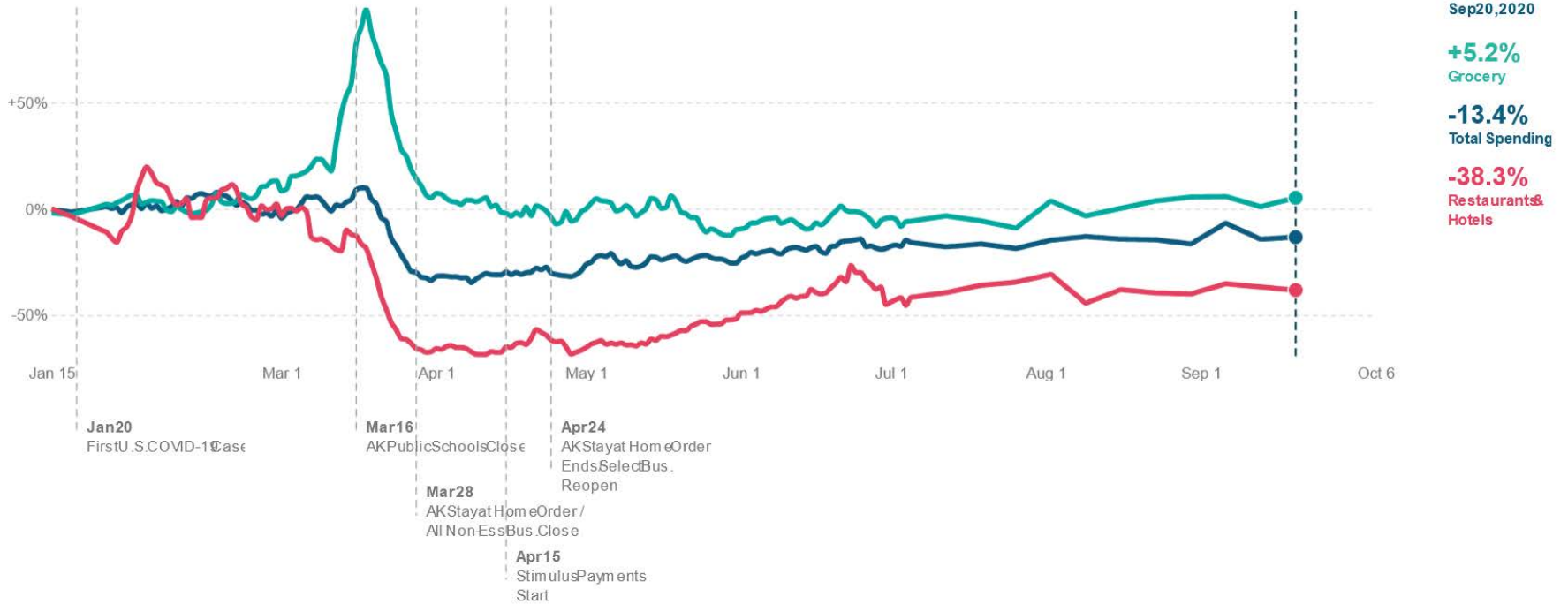
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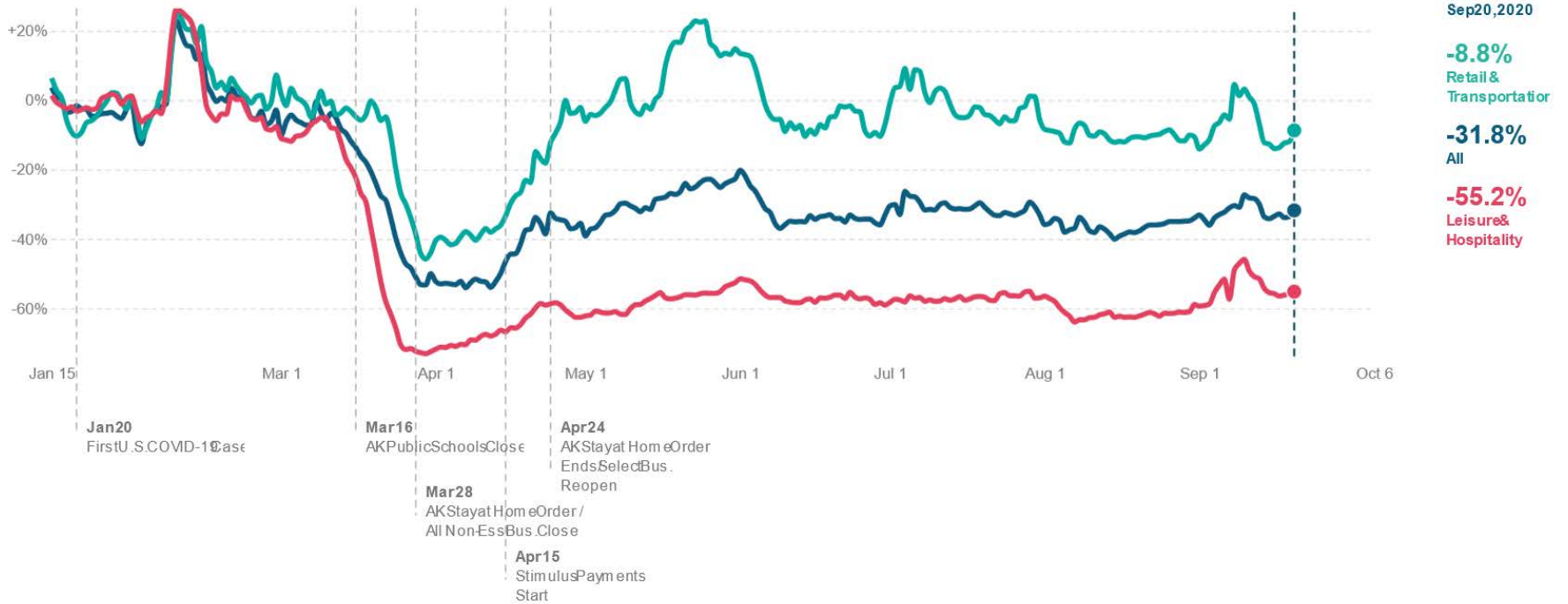
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Percent Change in Small Business Revenue*

In **Alaska** as of September 20, 2020, total small business revenue decreased by **31.8%** compared to January 2020.



*Change in net business revenue for small businesses indexed to January 4-31, 2020 and seasonally adjusted. This series is based on data from Womply.

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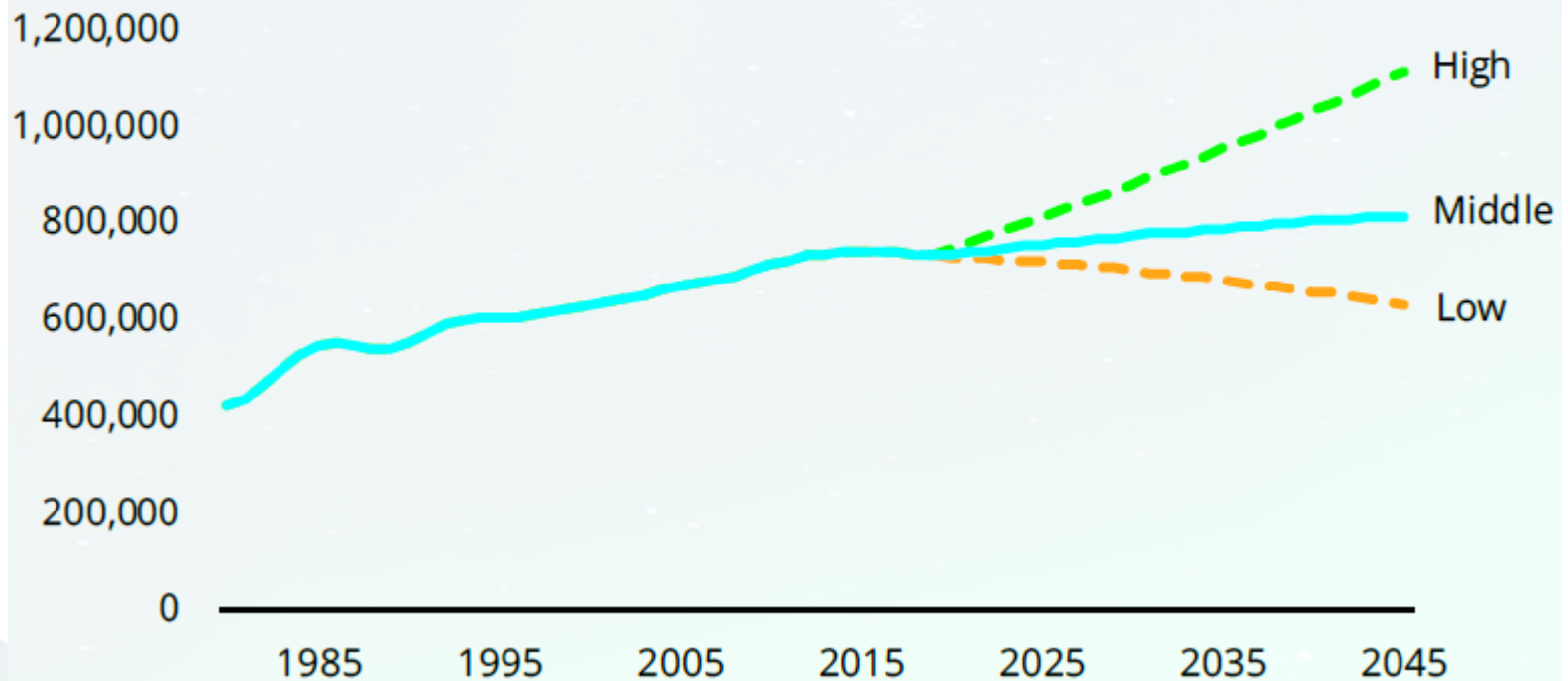
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Where We're Going

- Alaska Department of Labor and Workforce Development Population Projections
- Forecasts from UAA CED, ISER, and SBDC
- Northern Economics' Forecast of COVID-19 Impacts
- Uncertainties

ADOL&WD Population Projections

Slow long-term growth the most likely scenario



Forecasts from UAA CED, ISER, and SBDC

- Depressed travel and other spending will be a challenge to recovery
- Lower sales taxes and other revenues will create additional challenges
- We'll see growth but will be below pre-COVID-19 levels for a long time
- We'll have more clarity in 6-10 months
- There's a lot of downside risk
- Measures the government has taken (stimulus checks, enhanced unemployment benefits) were to get us through until demand comes back, but we don't know when demand will return

Southeast Conference Annual Meeting, September 2020

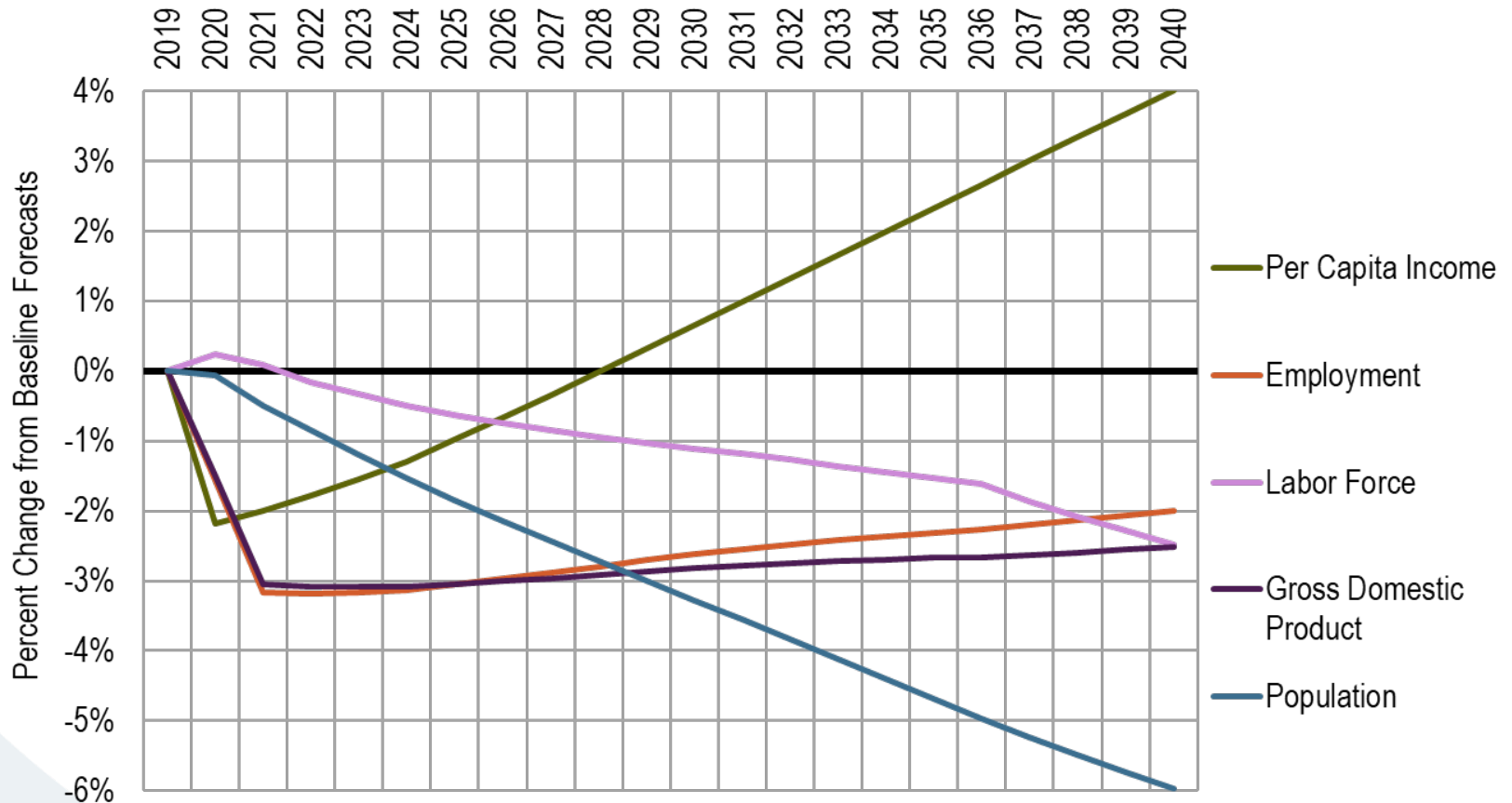
Speakers: Nolan Klouda Executive Director, UAA Center for Economic Development Mouhcine Guettabi Professor of Economics, University of Alaska Anchorage Jon Bittner Executive Director, UA Alaska Small Business Development Center

Recording link available at <http://www.seconference.org/annual>

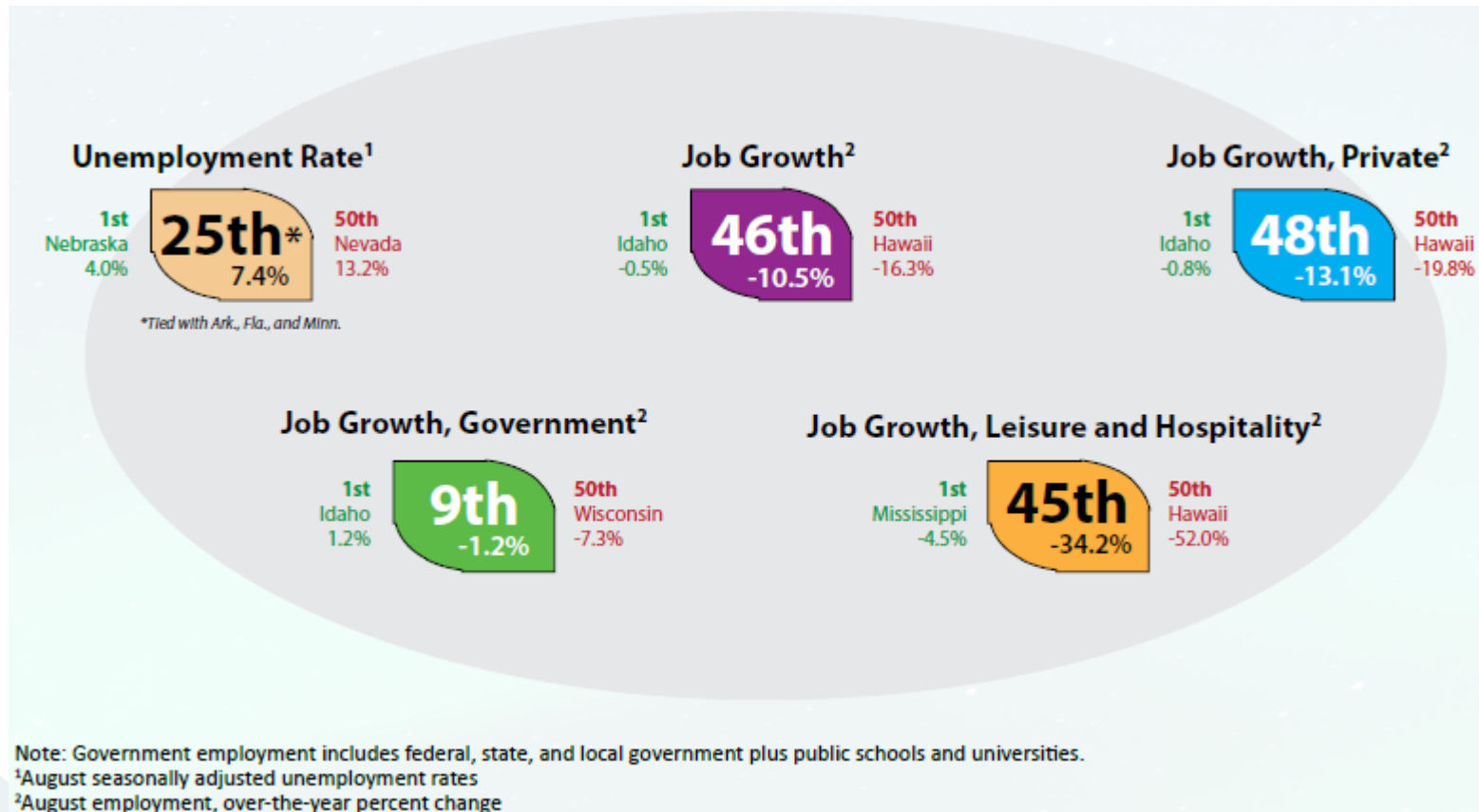
Modeling of Alaska's Recovery

- Northern Economics used a dynamic economic input/output model to forecast Alaska's recovery, based on work by Scott Nystrom of FTI Consulting.
 - <https://www.remi.com/event/covid-19-in-the-long-term-structural-economic-and-demographic-changes-scott-nystrom-fti-consulting-recording/>
- Key features of Nystrom's model
 - 20 percent reduction in birth rates nationally
 - 20 percent reduction in international migration to the US
 - 10 percent increase in international import & export costs
 - All impacts are modelled at the national level
 - Regional impacts trickle down from systemic national changes

Impacts of Systemic National Changes using the Alaska REMI Model



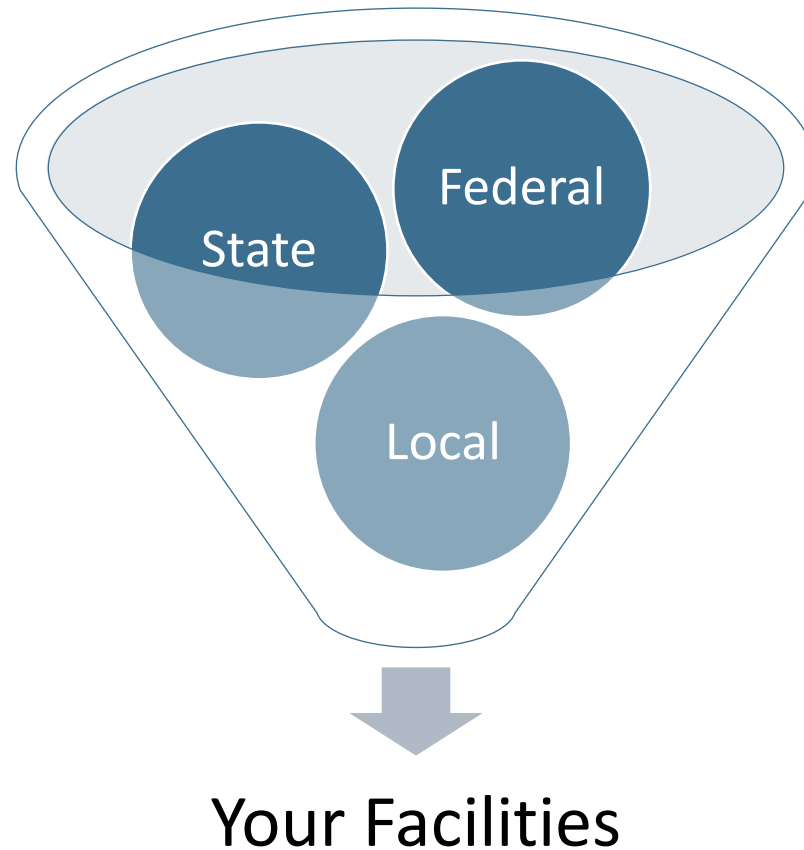
Recovery Rankings



Uncertainties

- Oil production and revenue
 - Current trajectory
 - Ballot Measure 1
- Tourism
 - Return of cruise passengers?
 - Other tourism?
- AMHS' Future

What That Means for Funding & Infrastructure



What Choices Will We Make?

Statehood and 1980s investments led to booms
We're due for the next rebuild



How do we invest?

How do we recapitalize?

Do we rebuild what we had?

Do we build new for a different course?

What do we want?

What are we willing to pay for it?

How do we support investment in the Alaska of the future?

Thank you!

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Identifying Our Needs

Over to you, Nils!