

City & Borough of Juneau

by Kristen Tromble



Juneau's economy has historically centered around one industry. Juneau was founded in 1880 to provide support for hard-rock gold mining activity in the area. Mining dominated Juneau's economy until 1944 when a redistribution of resources for the war effort closed the last big mill. After the demise of gold mining, government took over as Juneau's main employer.

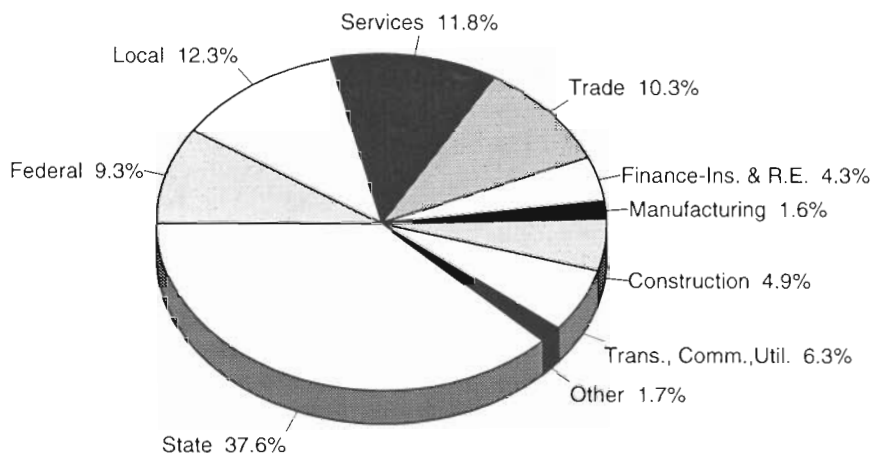
Government predominates but is declining

Today, despite continuing efforts to broaden the capital city's economic base, Juneau's economy is dependent on government. As Alaska's capital city, Juneau benefits from jobs in state agencies, the governor's office, and the legislative and judicial branches. Juneau is home to a campus of the University of Alaska. Federal and local government agencies also contribute to employment. Juneau hosts headquarters for the U.S. Forest Service, the U.S. Coast Guard, the Bureau of Indian Affairs, and the National Marine Fisheries Service. Local government contributes jobs with the City and Borough of Juneau, the Juneau School District, and Bartlett Memorial Hospital.

While government employment is declining, it remains the dominant force in Juneau's economy. State-wide, government provides over a quarter of all wage and salary jobs. In Juneau, government's share is 45.0%. In 1994, government employment accounted for over 59 percent of wages paid in Juneau—down 5.1% from 1991. (See Figure 1.) Juneau's employment numbers clearly reflect declines in government employment. (See Table 1.) In the last two years, federal employment has reached its lowest levels since pre-1982. State employment reached the lowest

Figure • 1

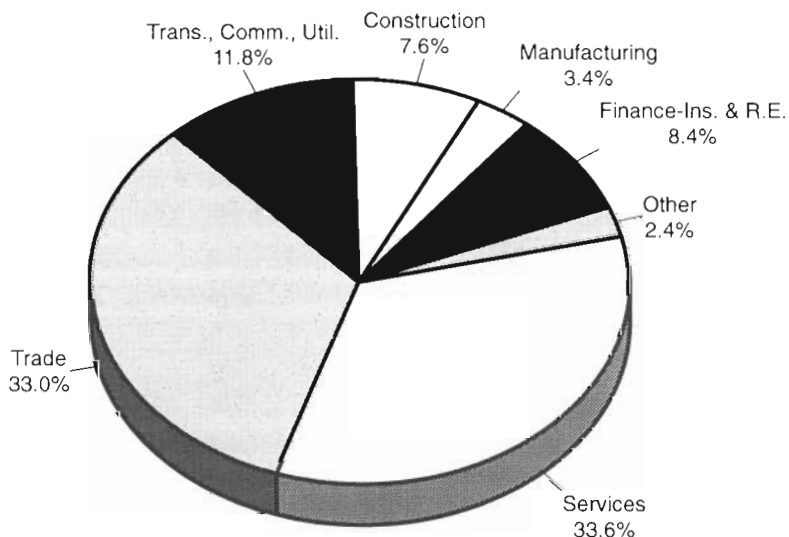
Government Payrolls Are 59.2% of Wages Juneau 1994



Source: Alaska Department of Labor, Research and Analysis Section.

Figure • 2

Private Sector is Service and Trade Oriented Juneau Private Employment, 1994



Source: Alaska Department of Labor, Research and Analysis Section.

levels since the severe economic downturn in 1986-88. Only local government employment has risen, with across-the-board increases in education, hospitals, and other city employment.

Juneau works to diversify

Government has provided positive influences to Juneau's economy. Juneau has a higher labor force participation rate and a lower unemployment rate than has Alaska as a whole. Juneau's workforce is better educated and per capita income is higher than is the statewide workforce. (See Table 3.) Except for the oil price crash and recession of 1986-88, Juneau's economy has been relatively stable. But, as the recession showed, dependence on one industry has left Juneau vulnerable to severe economic distress when government falters.

Ongoing efforts to diversify Juneau's economy are beginning to show in employment numbers. While total employment increased 25.4% since 1982, government's share of employ-

ment decreased almost eight percent. During this time, employment in every private sector increased at a faster rate than the government sector. Services and retail trade added the most new jobs. In addition, mining, manufacturing, and finance, insurance, and real estate showed large rates of increase.

After government, the services industry provides the most jobs in Juneau. (See Figure 2.) Health services is the largest employer in this private sector,¹ followed by social services and hotels. Recently, amusement and recreation services has had the highest growth rate. Retail trade is Juneau's third largest source of employment. Spurred by the influx of major retailers such as Costco, Kmart and Carrs, Juneau's economy has added around 700 new retail jobs since 1990.

Though manufacturing employment nearly doubled from 1990 to 1994, it

¹ Employment at Bartlett Memorial Hospital is counted in local government.

accounts for less than two percent of Juneau's jobs. Most of these jobs are in printing and publishing, and seafood processing. Manufacturing growth is fueled by smaller, entrepreneurial businesses. For instance, a smokery and a brewery expanded, and a glass business began manufacturing windows. Currently, several specialty salmon products are in development.

As the largest city in Southeast Alaska, Juneau businesses provide goods and services to the local and regional population. Regional service providers are especially important employers in the transportation, communications, health care, and wholesale and retail trade sectors. (See Table 2.)

Mining and tourism spark debate

Mining employment in Juneau is set to accelerate with three major mines working to start production. Greens Creek mine, annexed by Juneau in 1994, is increasing employment in preparation for reopening in mid-

T a b l e • 1

Juneau Wage and Salary Employment, 1982-1994

| | 1982 | 1983 | 1984 | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 ² | 1991 | 1992 | 1993 | 1994 |
|----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|-------------------|--------|--------|--------|--------|
| Total | 12,195 | 12,764 | 13,439 | 13,607 | 12,824 | 12,485 | 12,747 | 13,502 | 13,772 | 14,081 | 14,518 | 14,612 | 15,294 |
| Mining ¹ | 12 | 26 | 27 | * | * | 80 | 169 | 112 | 75 | 85 | 75 | * | * |
| Construction | 540 | 763 | 797 | 733 | 396 | 391 | 341 | 343 | 414 | 518 | 548 | 717 | 636 |
| Manufacturing | 151 | 152 | 180 | 253 | 196 | 261 | 341 | 319 | 148 | 199 | 268 | 270 | 287 |
| Transportation | 916 | 794 | 775 | 777 | 707 | 782 | 747 | 857 | 911 | 880 | 957 | 909 | 989 |
| Trade | 1,873 | 1,966 | 2,204 | 2,120 | 1,925 | 1,937 | 2,023 | 2,203 | 2,239 | 2,416 | 2,465 | 2,552 | 2,775 |
| Wholesale Trade | 170 | 199 | 184 | 178 | 144 | 173 | 197 | 211 | 197 | 217 | 197 | 198 | 197 |
| Retail Trade | 1,704 | 1,767 | 2,020 | 1,942 | 1,781 | 1,764 | 1,826 | 1,993 | 2,042 | 2,199 | 2,268 | 2,353 | 2,578 |
| Finance-Ins. & Real Estate | 512 | 533 | 572 | 615 | 637 | 565 | 561 | 535 | 496 | 558 | 585 | 618 | 703 |
| Services | 1,694 | 1,857 | 1,991 | 2,034 | 2,075 | 2,146 | 2,014 | 2,152 | 2,333 | 2,279 | 2,357 | 2,449 | 2,824 |
| Agric., Forestry & Fishing | 32 | 24 | 30 | 36 | 44 | * | 49 | * | * | * | * | * | 74 |
| Nonclassifiable | 34 | 83 | 99 | * | * | * | 13 | * | * | * | * | * | * |
| Government | 6,432 | 6,567 | 6,766 | 6,976 | 6,782 | 6,291 | 6,490 | 6,900 | 7,099 | 7,078 | 7,191 | 6,940 | 6,877 |
| Federal | 973 | 994 | 1,021 | 1,040 | 1,057 | 1,035 | 1,044 | 1,086 | 1,056 | 1,039 | 1,094 | 961 | 937 |
| State | 4,358 | 4,398 | 4,423 | 4,509 | 4,342 | 4,016 | 4,138 | 4,417 | 4,535 | 4,518 | 4,530 | 4,373 | 4,301 |
| Local | 1,102 | 1,175 | 1,323 | 1,428 | 1,384 | 1,241 | 1,308 | 1,397 | 1,508 | 1,521 | 1,567 | 1,606 | 1,640 |

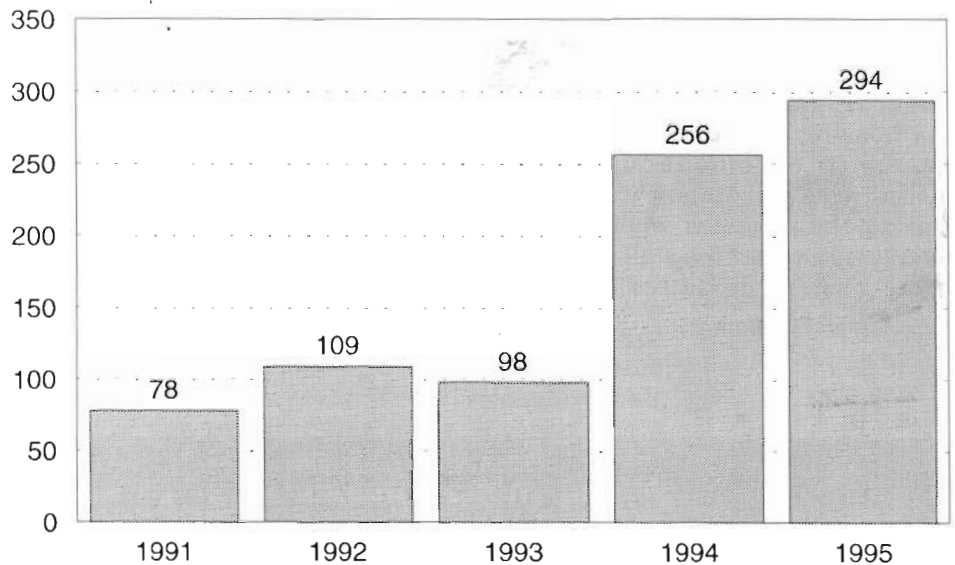
* Nondisclosable due to confidentiality.

¹ Juneau annexed Greens Creek mine effective 1-1-94. Employment for 1994 includes Greens Creek mine, but prior years do not.

² 1990 federal government employment was adjusted downward by 350 to account for misreported overcount of U.S. Census workers.

Source: Alaska Department of Labor, Research and Analysis Section.

A Welcome Increase in Housing Units Number of New Housing Units Permitted, Juneau



Source: Alaska Department of Labor, Research and Analysis Section.

1996. Coeur Alaska should begin construction on the Kensington mine by the end of 1996. The outlook for reopening Echo Bay's AJ mine has improved and construction could begin within the next two years. If all three major mines were operating, Juneau's mining employment could approach 1,000 jobs.

Juneau also looks to another growth industry, tourism, to diversify its economy. Tourism is booming with projected increases in cruise ship passengers of 18% this year and five to 10 percent next year. The number of independent travelers is also increasing. Air passenger traffic into Juneau during the peak tourism months, June, July and August, has risen at an average rate of 7.0% per year since 1991. Tourism growth impacts employment in several sectors, including transportation, services, and retail trade.

With the growth in the number of tourists has come a change in the characteristics of the typical Juneau tourist. Many of the new travelers are younger, more independent, and interested in family activities, including those related to adventure and the environment.

While resource-related industries provide a rich source of growth for Juneau businesses, the changes associated with their expansion are introducing stresses into the community. The prospect of mining has raised concerns about environmental issues such as water quality and diminished scenic and recreation value of the land. As tour offerings increase, some residents worry about crowding, traffic, and a decreased access to and quality of recreation for residents. Over the next few years, the community will continue to debate how to balance environmental and development needs and resident and visitor interests.

Housing: more on the way but never enough

One factor which has inhibited growth and business expansion is a continuing shortage of both single-family and multi-unit housing. With

Table • 2

Juneau's Largest Private Employers

| Rank | Firm ¹ | Average Annual Employment |
|------|---------------------------------|---------------------------|
| 1 | Fred Meyer | 218 |
| 2 | Kmart | 157 |
| 3 | Westmark Hotels | 146 |
| 4 | SEARHC | 135 |
| 5 | Alaska Airlines | 131 |
| 5 | Foodland Supermarket | 131 |
| 6 | Central Council Tlingit & Haida | 124 ² |
| 7 | REACH | 108 |
| 8 | Echo Bay Mines | 96 |
| 9 | Catholic Community Services | 95 ³ |
| 10 | Statewide Services | 88 |

¹ One of the 10 largest employers in Juneau asked to be excluded from this listing.

² Estimated from wage records.

³ Manager's estimate.

Published with permission of employers.

Source: Alaska Department of Labor, Research and Analysis Section.

the exception of the recession, Juneau's housing market has been notoriously tight. The lack of housing has curtailed enrollment at the university, generated complaints from businesses looking to locate or expand, and has been cited as a reason to move the capital from Juneau.

Several factors contribute to the housing shortfall. Juneau's dependence on one industry has discouraged investment in housing. During the recession when government employment fell sharply, many home owners defaulted on their

loans. This experience created cautious lenders unwilling to loan for speculative building. Uncertainty caused by continuing ballot initiatives to move the capital northward also dampened building activity.

Since the 1992 vote to keep the capital in Juneau, housing construction has soared. The number of housing units permitted increased from 78 in 1991 to 294 in 1995. (See Figure 3.) Residential construction is expected to remain strong throughout 1996. In addition to the many projects already planned, the city is offering

interest-free loans to encourage downtown housing that would meet legislative needs. A new university dormitory opening for the fall 1996 semester will also ease pressure on the housing market.

Predictably, the housing shortage has led to high housing costs. A 1995 rental market survey of 10 Alaska areas ranked Juneau as having the highest average rental costs for single-family residences and mobile homes and the third highest costs for apartments and other rental units.² Juneau's vacancy rate for apartments was 1.1%. Even with the new single-family and multi-family home construction, housing costs are expected to remain high as current demand exceeds projected supply. With the expected influx of workers and their families directly or indirectly supported by mining, the housing market should remain tight.

T a b l e • 3

A Snapshot of Juneau Current Statistics—1995 unless noted

| | Alaska | Juneau |
|--|----------|----------|
| Population | 615,900 | 29,228 |
| Juneau's population is older... | | |
| Median age | 30.0 | 32.6 |
| has fewer children, more seniors... | | |
| Percent under five | 9.2% | 7.7% |
| Percent 18 years & over | 69.4% | 70.6% |
| Percent 65 years & over | 4.6% | 5.6% |
| and women... | | |
| Percent female | 48.0% | 49.4% |
| and is better educated | | |
| High school graduate or higher (1990) ¹ | 86.6% | 89.9% |
| Bachelors degree or higher (1990) ¹ | 23.0% | 30.7% |
| Fewer workers are unemployed | | |
| Percent of all 16 years + in labor force | 68.1% | 76.5% |
| Percent unemployed | 7.3% | 5.8% |
| Income is higher, wages average | | |
| Personal per capita income (1993) | \$23,070 | \$26,066 |
| Annual average monthly earnings (1994) | \$2,689 | \$2,664 |
| Renters pay more ² | | |
| Kodiak | | \$839 |
| Juneau | | 778 |
| Ketchikan | | 679 |
| Anchorage | | 666 |
| Sitka | | 662 |
| Fairbanks | | 606 |

¹ Source: U.S. Department of Commerce, Bureau of the Census.

² Average monthly contract rent for apartment, condominiums and other rental units, not including single family residences or mobile homes.

Source: Alaska Department of Labor, Research and Analysis Section.

The future outlook depends on government

Juneau's economic health will remain tied to government, particularly state government, for the foreseeable future. Recent moves to curtail government spending at the federal, state, and local levels could significantly impact Juneau if they result in decreased employment or wages. For the next 10 to 20 years, mining and tourism activity will help fill the void resulting from any government declines. Economic diversity will continue to be an important goal for Juneau planners to pursue.

²This survey, conducted by the Alaska Department of Labor's Research and Analysis Section for the Alaska Housing Finance Corporation, is summarized in *Alaska Housing Market Indicators, Spring 1995*.

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