

# ALASKA ECONOMIC **TRENDS**

NOVEMBER 2021



## SEAFOOD HARVESTING

### ALSO INSIDE

Seafood processing  
in COVID year two  
Petersburg



# FROM THE COMMISSIONER

## Join us Nov. 10 at the annual job fair for veterans and families

### By Dr. Tamika L. Ledbetter, Commissioner

In 1996, the Armed Services YMCA recognized November as Military Families Appreciation Month. Since then, the President of the United States has recognized the service and sacrifices of our nation's military families every November. Countless moves, school and job changes, deployments and missed family events, friends and sport teams left behind – the list is long and often unnoticed by the civilian world.

To Alaska's military families, a salute and thank you. We value you and appreciate your service.

One in 10 Alaskans is a military veteran, equating to 69,000 residents. The highly skilled men and women of the U.S. Armed Forces present a golden opportunity for Alaska's employers. Veterans and military family members possess some of the most desired qualities: adaptability, dependability, leadership, and a strong sense of responsibility.

Alaska has projected job growth in many sectors perfectly suited to the training and skills of veterans and military spouses. Examples include transportation, construction, professional services, mining, health care, and hospitality.

On Nov. 10, the Alaska Department of Labor and Workforce Development will host the 2021



Veterans, Military Spouses, and Alaska Residents Job Fair. More than 100 of Alaska's top employers from across industries have signed up to recruit.

I will introduce distinguished keynote speaker Col. Kirsten Aguilar, Commander of Joint Base Elmendorf-Richardson and the 673d

Air Base Wing Alaska. Col. Aguilar will share her remarkable story and leadership experiences, including command of the 21st Mission Support Group at Peterson Air Force Base in Colorado.

I will also have the special honor of presenting three Veterans Performance Incentive Awards to department personnel who have made outstanding contributions to our military veterans and their families.

Mark your calendar for Nov. 10 from 10 a.m. to 2 p.m. at Anchorage's Midtown Mall, 600 Northern Lights Boulevard. The event is open to the public and I encourage all to attend. Bring your resume, professional references, and business cards, and explore a world of new career possibilities.

Contact Dr. Tamika L. Ledbetter, Commissioner, at (907) 465-2700 or [commissioner.labor@alaska.gov](mailto:commissioner.labor@alaska.gov).



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**ON THE COVER:**

The photo of this fishing boat, F/V Odin, was captured from the Petersburg harbor by Flickr user brewbooks. License: [creativecommons.org/licenses/by-sa/2.0/](https://creativecommons.org/licenses/by-sa/2.0/)

**ALASKA**

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# Harvesting jobs down in 2020

## The pandemic took its toll on jobs across fisheries, areas

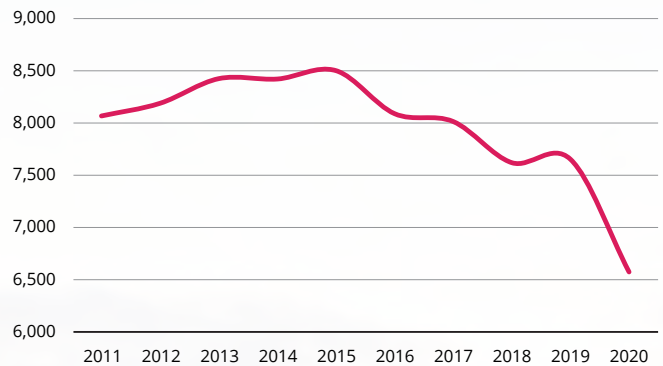
By JOSHUA WARREN

Last year's 14.1 percent drop in seafood harvesting employment was the largest recorded since we created these job estimates in 2000. Alaska's commercial fishing employment decreased from a monthly average of 7,653 in 2019 to 6,575 in 2020.

In a typical year, declines are tied to specific species or seasons. Last year's decline was not only steep, it was across almost all months and all fisheries. The only fishery to add jobs last year was crab, which was still recovering from losing more than a quarter of its employment a few years ago.

While COVID-19 made last year's employment trends anything but typical, it's difficult to isolate the pandemic's effects because harvesting employment can change dramatically from year to year anyway. The swings are subject to a range of factors, including when openings happen — *if* they happen — and environmental and biological factors.

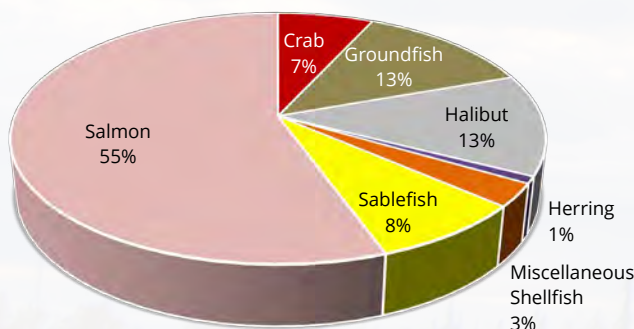
### A decade of seafood harvesting jobs



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

Some of the declines were likely part of that typical yearly flux, as job levels during the first three pre-pandemic months of 2020 were all lower than the year before. Still, COVID was the main story for fish harvesting in 2020.

### Majority of harvesting jobs are for salmon, 2020



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

### Losses hit in spring, hardest in salmon

The big declines began in April. Fewer permits fished that month and fewer crew members working those permits meant 1,266 fewer jobs, which was a 29 percent drop from the previous April.

December's decline was largest in percent terms at 31 percent, but that equated to just 211 jobs.

August, the typical yearly peak, recorded the biggest numeric drop, with 3,300 fewer harvesters than the year before. Nearly all of those

# How many of Alaska's jobs are in the seafood industry?

By TRENDS STAFF

Alaska's world-class fisheries are a critical part of the state's economy, generating \$1.3 billion-plus in gross estimated earnings in 2020. More than \$450 million went to permit holders who were Alaska residents.

While seafood harvesting took a hit during the pandemic, as most industries did, it still generated tens of thousands of jobs last year, including those lasting just a month or two. At the summer peak, despite the pandemic, harvesting represented more than 20,000 jobs — and that doesn't include the seafood processing jobs needed to handle the catch.

Most fish harvesters are self-employed, but estimating harvesting employment and comparing it to other industries is also tricky because of the differences between a job as a fisherman and a job as a teacher or nurse. One of the reasons we created these estimates in 2000 (for how we do it, see page 9) was the lack of consistently produced harvesting job numbers, especially the type that would allow these industry comparisons.

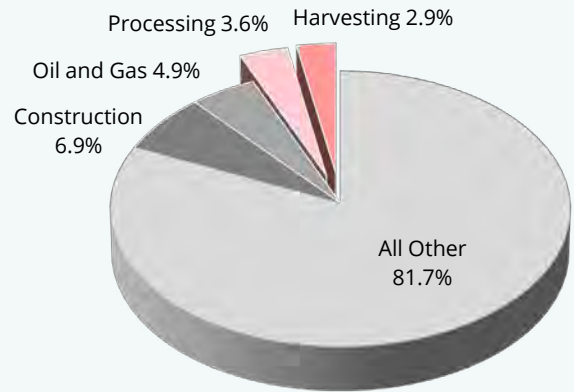
The most important difference is how they're paid. Compensation for wage and salary jobs — work done for a paycheck from an employer — is based on the time worked: usually the hours or days in a given pay period. Payroll records, which are the primary source of employment numbers, tie the work to a specific month.

Compensation for permit holders and crew is based on earnings. Crew members are paid a percentage, or share, of the earnings that result from fishing trips, so there's no convenient measure for the months they worked and for how long.

Another key difference is that fishing regulations and management limit the pool of available employers in a way that restrains and caps job growth. To participate in one of the state's limited entry fisheries, such as salmon, a person must hold a permit. The permits can be bought and sold, but the total number of permits doesn't typically change in an established fishery.

When economic conditions are favorable, most permit holders will fish, generating jobs for themselves and their crew members. But when costs rise or the value of the catch falls — as we saw in 2020 when pandemic-related costs led some permit holders to decide fishing wouldn't be as profitable — the percentage of permit holders who fish declines.

## Jobs in Alaska's private sector, 2020



**Note:** Pie shows wage and salary jobs except fish harvesting, which we estimate using landings data. See page 9.

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

For jobs, that means the numbers fluctuate with the numbers of permits fished, so there's no long-term expansion like other industries in a growing economy. Under the most favorable conditions, a fishery will have "full employment" — all permits fished — but no further growth is possible without structural or management changes.

Harvesting job growth is further constrained in fisheries managed with a quota share system, such as halibut, sablefish, and the Bering Sea and Aleutian Islands crab fisheries. Unlike limited entry permits, quota shares guarantee the holder the right to harvest a certain percentage of the total allowable catch rather than just a right to participate in a competitive fishery. Quota shares can be bought and sold and are almost always fished since they represent a tangible asset and can be "stacked," or fished in multiples from the same vessel for greater efficiency.

Often, introducing a quota share management system spurs an initial concentration of shares and employment as the more efficient producers acquire quota shares from the less efficient operations. Because the total percentage of the allowable catch isn't free to grow, however, these fisheries don't create additional harvesting jobs even under the most favorable economic conditions.

With these caveats, the harvesting estimates in this article are roughly comparable to other industries' job counts and equivalent to about 3 percent of the state's total private-sector employment. Adding seafood processing jobs puts the commercial fishing industry at around 6.5 percent of Alaska's private sector jobs.

# Statewide fish harvesting jobs by month and year, 2001 to 2020

Year*	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Average yearly
2001	2,972	4,286	4,505	4,681	7,053	18,884	21,571	13,921	8,095	6,194	2,617	726	7,959
2002	3,590	4,047	4,334	4,913	6,715	16,292	18,224	11,975	6,983	5,794	2,632	524	7,168
2003	3,284	3,609	4,378	5,797	6,233	17,610	19,670	11,922	7,191	5,969	2,660	526	7,404
2004	3,594	3,492	4,110	5,050	6,476	17,139	19,634	12,308	7,371	6,023	2,259	509	7,330
2005	3,561	3,150	4,227	5,115	6,283	18,169	20,566	12,889	7,192	4,958	2,768	953	7,486
2006	2,700	3,038	4,573	4,293	5,709	17,748	20,066	13,700	7,719	5,003	2,507	720	7,314
2007	2,584	2,966	3,930	4,348	5,949	17,528	20,137	13,567	7,500	4,738	3,080	791	7,260
2008	2,738	3,138	4,511	4,445	5,572	17,022	20,446	13,633	8,225	4,202	2,708	602	7,270
2009	2,527	3,817	3,126	4,874	5,693	17,609	20,076	13,687	7,148	4,593	2,388	507	7,087
*Because of a change in how harvest jobs are calculated, data before 2010 are not comparable to data from 2010 forward.													
2010	2,668	3,060	4,005	5,255	5,685	18,878	23,128	15,287	7,759	4,992	2,887	850	7,871
2011	2,898	3,214	4,010	4,729	5,642	20,112	23,824	15,586	7,918	5,721	2,303	849	8,067
2012	2,923	3,409	4,609	5,402	6,163	19,237	24,761	16,191	6,988	5,453	2,274	853	8,189
2013	2,736	2,930	4,091	5,516	6,270	22,012	25,351	15,419	7,559	5,496	2,780	930	8,424
2014	2,242	2,776	4,879	5,407	6,489	21,167	24,594	16,593	8,018	5,190	2,596	1,097	8,421
2015	2,520	3,247	4,961	5,029	6,749	21,164	24,649	16,283	8,232	5,252	2,661	1,264	8,501
2016	2,678	3,374	5,222	5,363	6,329	18,840	23,695	16,055	7,909	4,953	1,886	765	8,089
2017	2,205	3,076	4,444	5,026	5,646	19,881	23,541	15,407	8,562	5,334	2,292	754	8,014
2018	2,126	2,538	3,379	4,310	5,166	18,942	22,790	14,763	9,211	4,849	2,681	689	7,620
2019	2,347	2,548	3,637	4,372	4,721	18,154	23,440	15,632	8,664	5,201	2,443	679	7,653
2020	1,975	2,289	2,973	3,106	4,015	16,279	20,913	12,304	7,299	5,094	2,184	468	6,575
Average monthly	2,743	3,200	4,195	4,851	5,928	18,633	22,054	14,356	7,777	5,250	2,530	753	7,685

Sources: Commercial Fisheries Entry Commission; National Marine Fisheries Service; and Alaska Department of Labor and Workforce Development, Research and Analysis Section

came from salmon harvesting.

More than half of Alaska's yearly harvesters fish for salmon. While groundfish represents the state's biggest harvest in terms of poundage, salmon is more work-intensive to fish, requiring more crew.

Over the year, statewide salmon harvesting lost about 700 jobs on an average monthly basis, with a drop of nearly 3,000 in August alone.

The fisheries active during the spring saw the biggest declines in percent terms. The number of monthly halibut harvesters was down nearly 20 percent, with most of the yearly decline stemming from April's 55.4 percent plunge.

For more detail on jobs by species harvested in recent years, see last November's article on the five-year trends in Alaska fish harvesting.

## COVID's immediate challenges

Restaurant closures and fewer customers tanked demand for food service seafood products last year. The price crashes that came with COVID-19 hampered

seafood harvesting the most, as the math of fishing a permit profitably can be hard to work out as prices get lower and lower.

Health and safety mandates such as quarantine and travel restrictions and their strict documentation rules also made it hard to get people to Alaska and on the water. Once they were there, COVID created obstacles on the boat. Social distancing was unwieldy in the tight confines of fishing vessels. Eliminating buffet-style dining and common snacks and regularly disinfecting surfaces added to the time and expense.

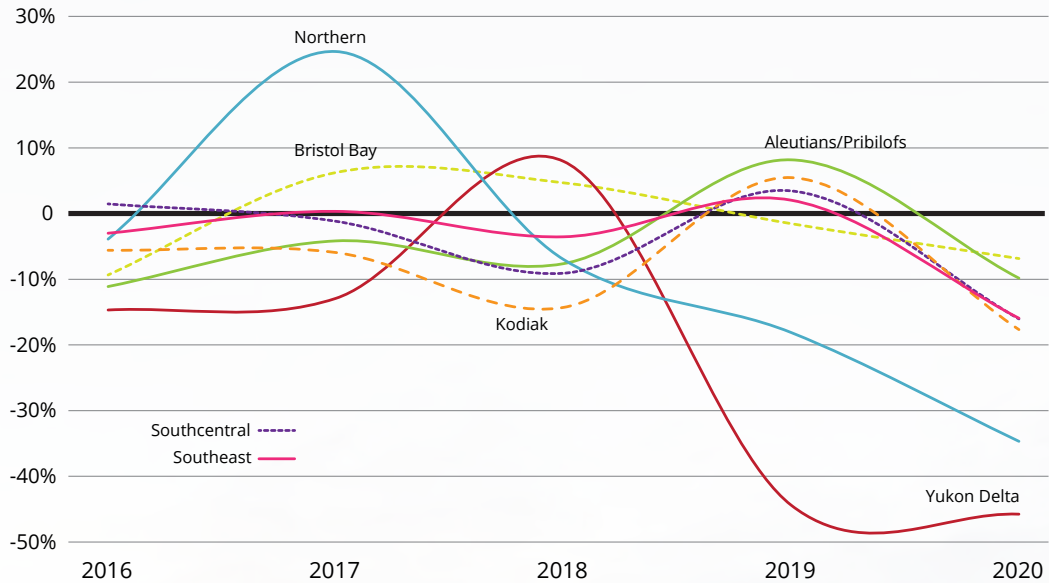
All of these complications, especially early in the pandemic when little was known about the virus and what mitigation measures were effective, prompted some permit holders to not fish last year. Those who did often reported using fewer crew members.

## Problems that will outlast COVID

While COVID-19 is the clear headline for 2020, climate change continues to create long-term, unpredictable shifts for Alaska fisheries, which will persist long after the pandemic ends. These complex factors are outside the scope of this article's employment numbers,



## Percent harvesting job loss or gain by region, 2016 to 2020



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

but they are important to note.

Closing fisheries to human harvests some years, which can be financially devastating to some Alaska communities, still can't mitigate the environmental damage to stocks in the long term.

### Some job recovery so far in 2021

The short-term outlook is for some job recovery in 2021. As with most industries in Alaska, seafood harvesting shows signs of improvement. Operations ran smoother this year as employers adapted to health and safety measures, and some fisheries have performed well during their 2021 seasons.

While an increase in poundage won't necessarily translate to job growth, and harvesting job numbers are unlikely to return to historical averages this year, employment will rise from the pandemic lows of 2020.

Southeast's pink salmon run reportedly came in strong. Bristol Bay continues to be a high performer for salmon, even outperforming its harvesting forecasts, and 2021's forecast is above the decade average. While some of Bristol Bay's salmon runs were down this year, its sockeye harvest — the region's main catch — was abundant.

Some stocks are in peril, though, and some areas face

further job losses. Bristol Bay's highly valuable red king crab fishery has been closed for 2021-2022 due to a sudden decline in stocks, the reasons for which are under debate.

The Yukon Delta, which lost more than two-thirds of its salmon harvesting employment between 2018 and 2020, faces additional declines in 2021.

### A closer look at regions in 2020

#### Southeast

The Southeast Region is the state's largest in terms of average monthly harvesting employment, with jobs all year and in a range of fisheries.

While its summer peak doesn't compare to the heights of Bristol Bay, Southeast harvests multiple species, and the diversity of the catch means most months have more than 1,000 jobs, whereas some regions have a large summer peak and comparatively little or no winter activity.

That diversity and a large number of jobs — 2,183 in 2019 — typically buffer Southeast from extreme losses or gains. But Southeast took the biggest blow numerically last year, losing nearly 16 percent of its harvesting jobs and hitting its lowest fishing employment level in at least 20 years. Southeast's 2020 job count fell 14 percent under its previous low, in 2008.

Southeast also represented most of the state's spring harvesting decline. In March alone, the region was down more than 500 jobs from the previous March, a nearly 40 percent drop.

The pandemic declines spread across fisheries, but because salmon harvesting dominates the region, it lost the largest number of jobs.

In percent terms, Southeast's halibut harvesting took the biggest hit in April, when it had 53 percent fewer harvesters.

## Aleutians and Pribilof Islands

The Aleutians and Pribilof Islands also harvest a range of species, and only one of the six fisheries — crab — saw job growth last year. Overall, the region's count dropped from 1,300 jobs in 2019 to well below 1,200, bringing it to a 21st century low.

The region lost salmon, halibut, sablefish, and other groundfish harvesters last year. Its small herring fishery dwindled from 21 jobs during its single active month in 2019, July, to just five in July and August of 2020.

The Aleutians winter crab fishery hasn't yet recovered from its steep decline of 2016-2017 when some tanner fisheries were closed and catch limits were reduced.

Crab harvesting employment grew 22 percent, largely because its active months were mostly outside of those hit by the pandemic — 41 percent of its employment is from January through March. The fishery bucked most of the statewide trends, though, and grew during the pandemic months as well.

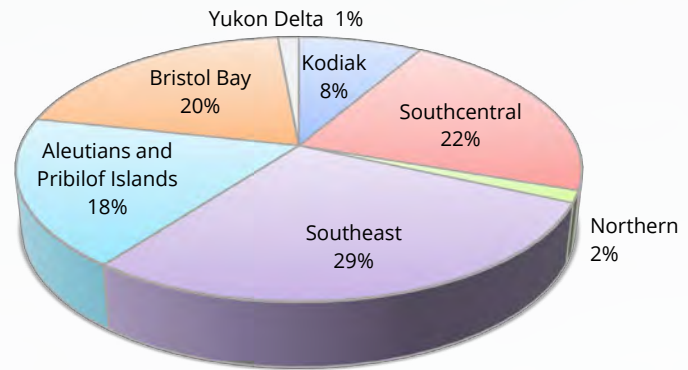
## Bristol Bay

Bristol Bay's salmon harvests are massive. The region has just two active fisheries, and only one month's jobs are in something other than salmon.

Salmon fishing in Bristol Bay is often an outlier, growing even when other regions lose salmon harvesting jobs. But even Bristol Bay saw a drop in 2020, from around 1,400 to 1,300. In monthly terms, only August increased slightly.

The herring fishery declined from a peak of 81 jobs in April 2019 to a peak of just 10 in May 2020.

## Southeast has the most harvesting jobs, 2020



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

As mentioned earlier, Bristol Bay's red king crab fishery, the second most valuable crab fishery in the state, is now closed through 2022 because of a sharp decline in stocks.

## Kodiak

All but one of seven of Kodiak's fisheries lost employment in 2020, dropping from a total of 657 jobs to 541, a decline of almost 18 percent. That was a 20-year low for Kodiak. Only its herring fishery added jobs, and only because the fishery had been closed the year before.

Most of Kodiak's fisheries recorded job gains in some months, but the other months' massive losses pushed their total numbers down. Salmon was an outlier, though, in that no months showed growth. Employment was down sharply every month from 2019 during the openings of Kodiak's summer salmon harvest.

Very low cod harvests and reductions in the total allowable catch for pollock have also depressed employment over the last few years.

## Northern

The Northern Region's harvesting workforce is one of the state's smallest, and its handful of jobs are mostly in salmon fishing. That means the region's main harvesting season coincided with the worst economic months of the pandemic, driving down its total monthly harvesting average from 142 jobs to 93.

June's salmon harvesting job count ticked up slightly,



# How we use landings to estimate seafood harvesting jobs

Unlike the wage and salary job numbers we and our federal partner the Bureau of Labor Statistics publish each month, data on the employment fish harvesting generates is not readily available. Harvesters are self-employed, and permit holders aren't required to report the numbers of people they employ in the same way as employers subject to state unemployment insurance laws.

To estimate fisheries employment that's roughly comparable to wage and salary job numbers, we infer jobs in a given month from landings. A landing, or the initial sale of the catch, signals recent fishing activity.

Because fishing permits are associated with a specific type of gear, including boat size, we know roughly how many people a landing requires under various types of permits. The number of people associated with a certain permit is called the crew factor.

For example, a permit to fish for king crab in Bristol Bay with pot gear on a vessel more than 60 feet long requires about six people, according to a survey of those permit holders. So when crab is landed under that permit, we assume the permit generated six jobs

that month. We count each permit only once per month regardless of the number of landings, which is similar to the way people in wage and salary jobs work different numbers of hours.

Most permits designate where specific species can be harvested, so we assign jobs to the harvest location rather than the residence of the permit holder. This approach also best approximates wage and salary employment, which is categorized by place of work rather than worker residence. Jobs generated under permits that allow fishing anywhere in the state receive a special harvest area code and are estimated differently.

We produce the job counts by month because, as with location, that comes closest to wage and salary employment data. And because seafood harvesting employment is much higher in summer than winter, similar to tourism and construction, averaging employment across all 12 months allows for more meaningful comparisons among job counts in different industries.

For more on how fishing jobs are structured and how they fit into Alaska's total employment, see page 5.

but that growth didn't continue into the rest of the season, and July and August brought steep losses. Total employment for the Northern salmon fisheries averaged 82, its lowest level since 2013.

## Southcentral

The Southcentral Region harvests mostly salmon, accentuated by a halibut harvest and a few other small fisheries. Southcentral's average monthly job count dropped from 1,690 in 2019 to 1,419 last year.

Some Southcentral fisheries had already lost jobs in 2020 before COVID hit. Groundfish are harvested year-round, and its biggest job losses came in January and February, before the pandemic. The losses were all in groundfish harvesting, the only species active in Southcentral at that time of year.

The region's small shellfish fishery recorded a 25 percent job loss, and its other small fishery, herring, was unaffected. Herring has fewer than 10 active permit holders, and that group all fished in 2020.

## Yukon Delta

Yukon Delta's harvesting workforce is the state's smallest, meaning even minor numeric changes can

produce huge percent swings. Yukon Delta lost the biggest share of its harvesting employment last year, at nearly 46 percent.

As with the August loss statewide, Yukon Delta took the biggest hit during the typical yearly peak, with harvesters down 87.5 percent from August 2019.

Although Yukon Delta's fishing industry is small, commercial and subsistence catches are both critical to the area. Its only harvests are salmon and groundfish, and many of the months in 2020 when groundfish would normally be harvested were zeroed out. The worst came in March and April, which were among the biggest loss months statewide.

The region's salmon fishery didn't fare better than elsewhere. While the number of jobs it lost was smaller than salmon-heavy regions like Southeast and Bristol Bay, the Yukon Delta's salmon harvesting job loss represented a 44 percent drop over the year.

Yukon Delta's salmon fishery didn't begin until June, but its hiring was low all year compared to historical averages. August's drop was steepest, from 932 jobs to 119.

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# Processing's two pandemic years

## Some job recovery, waning outbreaks further into 2021

By KARINNE WIEBOLD

**A**laska's seafood industry weathers frequent but unpredictable ups and downs, and when we wrote about seafood processing last November, the industry had been struggling through the first eight months of a historic disruption.

The pandemic still casts a shadow this year, but the industry recorded far fewer outbreaks after the winter surge and recovered about 42 percent of the jobs it had lost at the 2020 summer peak. Larger harvests in some areas and higher seafood prices with resumed demand boosted that partial recovery in 2021.

### A darker picture a year ago

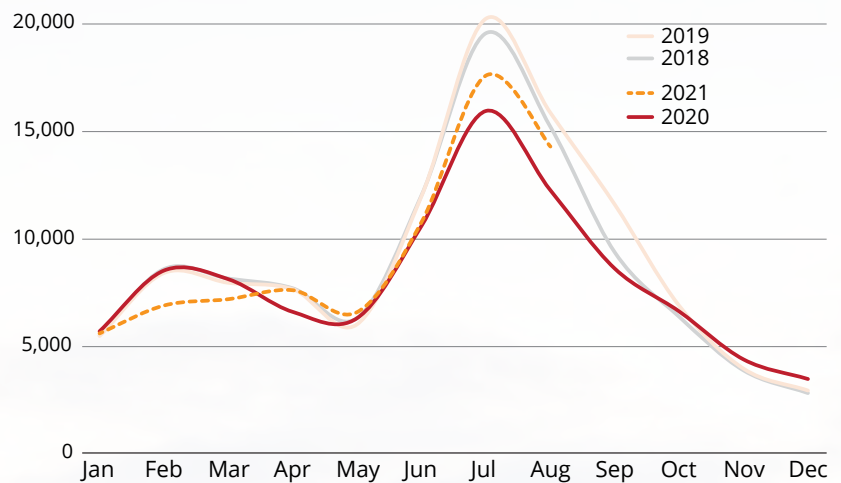
Last spring, COVID-19 dramatically reduced demand for seafood sold in restaurants, made a mess of supply chains, and made transporting and

### The seafood processing industry at a glance

Alaska's seafood processing industry works year-round cleaning, cutting, packaging, canning, or freezing a variety of species from salmon in the summer to crab, pollock, and cod in the winter.

In a typical year, about 23,000 people work in seafood processing. Because processing takes place as close to

### Some job recovery for seafood processing in 2021



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

housing workers far more challenging.

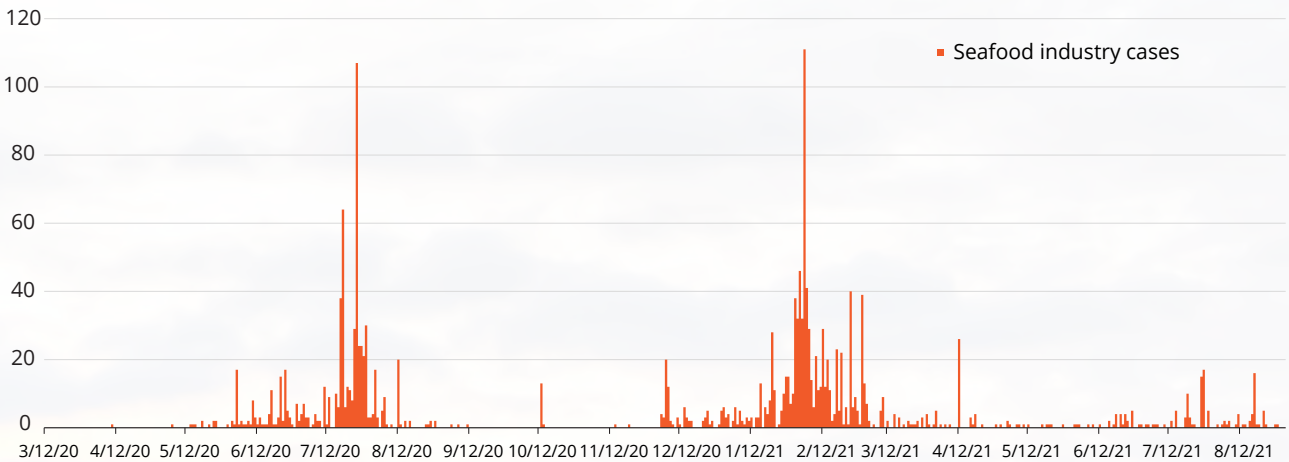
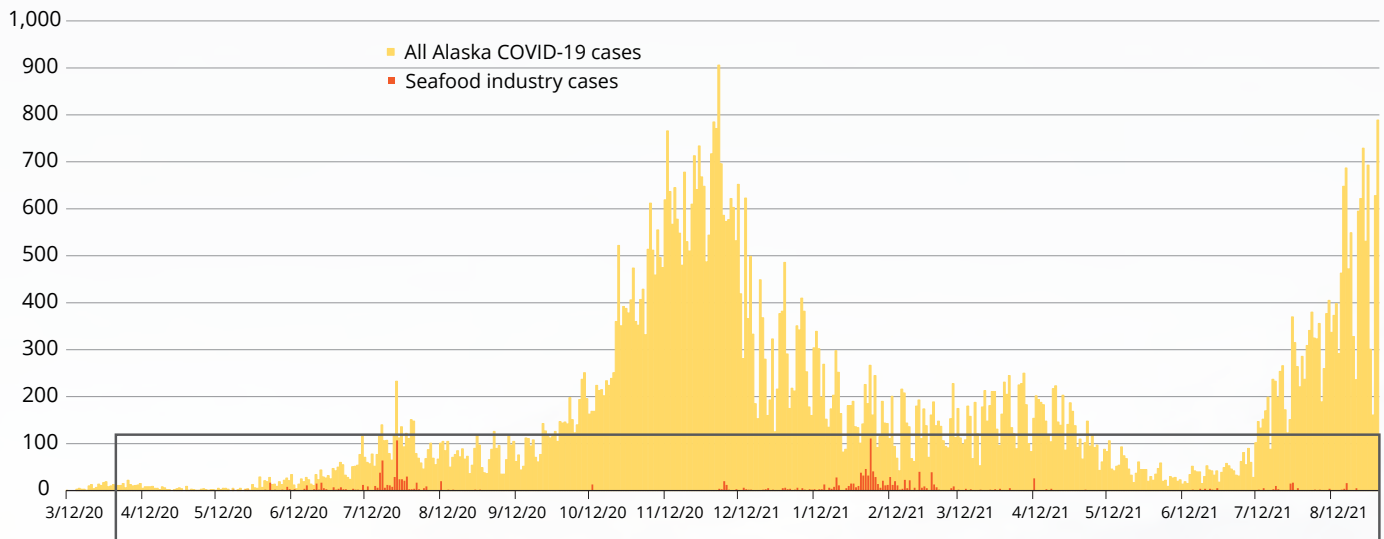
The industry struggled with a short supply of workers — Alaska imports around 75 percent of its seafood processing workers — and with the price drops that accompanied less demand for high-end seafood.

the harvest as possible, remote worksites with no local workforce are common. Some processors hire workers from around Alaska, but most of their employees come from out of state or are foreign workers under the H-2 visa program. For every Alaskan working in the plants, processing companies import three from outside the state.

Almost half work in Southwest, home to the Bristol Bay and Bering Sea fisheries. The Gulf Coast is the next-largest region, with about 5,200 workers, followed by Southeast with 3,200 workers.



## Seafood industry\* COVID-19 cases barely moved the statewide needle



\*The DHSS seafood industry designation comprises all seafood workers, including harvesters. These numbers are likely an undercount of seafood industry cases because they are manually identified and recorded.

**Sources:** Alaska Department of Health and Social Services Coronavirus Response Hub and Alaska Department of Labor and Workforce Development, Research and Analysis Section

On top of those post-catch problems, fish were harder to get in 2020. Although Bristol Bay's salmon harvest was bountiful, other areas — such as Southeast — faced meager hauls.

The seafood industry spent an estimated \$70 million on COVID-19 mitigation last year, including quarantines, facility modifications, increased transportation costs, cleaning, and personal protective gear. Despite those efforts, plants still dealt with outbreaks and closures.

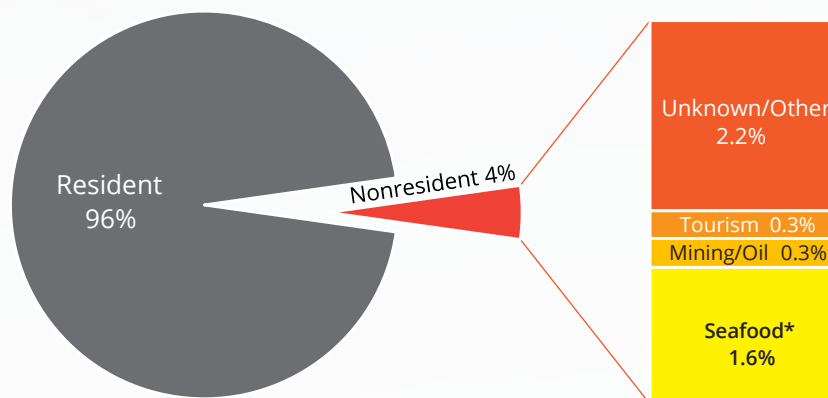
Last November, no vaccine had been approved yet. Mitigation focused on quarantines, masks, and

frequent testing. Through late October, 663 COVID cases had been recorded among seafood workers, making up 5 percent of Alaska's total cases.

The biggest outbreak came during the last two weeks of July, at the height of the salmon season, and two-thirds of the summer cases hit during that short window.

For example, in one of the largest factory outbreaks last year, three-quarters of the employees at Copper River Seafoods in Anchorage tested positive in July. It's worth noting that, unlike most processing plants, Copper River's workers are

## Nonresident seafood workers were 1.6% of all COVID cases



\*The DHSS seafood industry designation comprises all seafood workers, including harvesters.

**Note:** Includes all COVID-19 cases reported in Alaska from the start of the pandemic through August 2021.

**Sources:** Alaska Department of Health and Social Services Coronavirus Response Hub and Alaska Department of Labor and Workforce Development, Research and Analysis Section

mainly Alaskans and they're working in an urban rather than remote setting.

### Vaccines changed the game for the industry early this year

The largest outbreaks in 2021 so far came early, right before vaccines were widely available. A wave of infections as pollock season began in the Aleutians shuttered two of Alaska's largest plants, Trident and UniSea, near the end of January.

The surge hit in February. Late January through early March of 2021 recorded 713 COVID cases among seafood workers, with 552 in February alone.

February is a low-activity month for seafood processing, but several commercial seasons extend through February and in a regular year represent about 8,000 to 9,000 jobs processing cod as well as some shrimp and crab.

Partly in response to winter outbreaks in the industry, the state shifted gears in February and offered the vaccine to nonresident seafood workers, deeming the industry critical infrastructure.

With that early vaccine access, COVID cases among seafood workers fell dramatically. Case counts remained comparatively low even through the summer peak as high vaccination rates and mitigation measures continued to pay off.

A small plant in Cordova shut down after an outbreak in July, but overall, seafood workers (resident and nonresident) made up about 1 percent of Alaska's COVID cases during the 2021 salmon season. In contrast, they represented 11 percent of all Alaska cases last year at the summer peak.

### How processing job levels compared in 2020 and 2021

Last April, the first month the pandemic reverberated through the job numbers, the industry was 1,100 jobs below the previous year. That's a lot, but the seafood processing job count varies by hundreds and sometimes thousands under normal conditions.

Summer brought the steepest losses, with July's peak employment down 21 percent from July 2019.

Things started to turn around by late fall, although that's the slowest part of the year. During the last few months of 2020, employment was actually up from 2019, by between 11 and 18 percent, before declining again in early 2021.

The first three months of this year had fewer processing jobs than the first quarter of 2020, before the pandemic, and about 10 percent fewer than the same period in 2019. By summer, though, job numbers were up 10 to 17 percent from last summer's pandemic lows.

Continued on page 17



# Big fishing in Little Norway



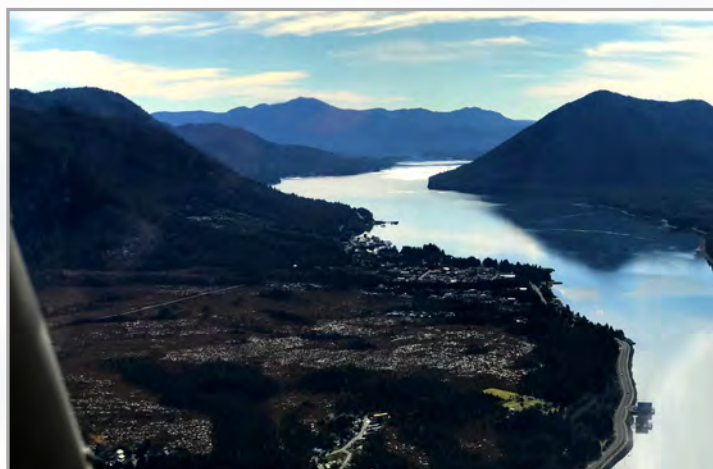
## Seafood has always been the lifeblood of Petersburg

By SARA WHITNEY

If you walk along Sandy Beach near downtown Petersburg, you might encounter something not found anywhere else on the planet. The low tide exposes the remains of petroglyphs and unusual ancient fish traps.

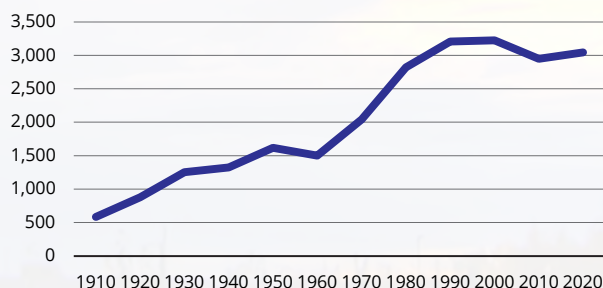
The Tlingit fishermen who wrote the first chapter of the area's fishing history designed a heart-shaped fish trap that hasn't been used anywhere else, as far as we know. These remnants are thought to be about 2,000 years old, but carbon dating has placed some as far back as 10,000 years.

In Tlingit, the area was called *Séet Ká*, or "On The Channel." The Petersburg we know today, a fishing community of around 3,000 people on the tip of Mitkof Island, is also called Little Norway.



Above, this aerial photo of Petersburg, courtesy of Flickr user [Jeffry N. Curtis](#), shows the Wrangell Narrows. The narrows limit the size of ships that can dock in Petersburg. The banner image, by Flickr user [Mike X-d](#), shows a seiner in the Petersburg harbor.

### Petersburg's population history



Source: U.S. Census Bureau, decennial censuses for Petersburg Census-Designated Place

### In the 1900s, the town forged its own identity in Southeast

The city sprouted in the early 20th century as a Scandinavian community named for a Norwegian named Peter Buschmann who settled there in the late 1800s.

Buschmann noticed the LeConte Glacier's ice was perfect for preserving fish, so he opened a cannery — the Icy Strait Packing Company — as well as a sawmill and a dock. By the time Petersburg was incorporated in 1910, it was home to about 585 people.

The city lasted just over a century, then was

# Fish harvesters, earnings, and poundage in the Petersburg area

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Decade trend
Number who fished that year	401	403	398	402	416	400	381	378	370	369	348	
Pounds landed (in millions)	59.5	82.0	50.2	101.8	68.4	59.8	50.1	64.0	40.4	46.0	25.8	
Gross earnings (in millions)	\$56.3	\$72.7	\$59.0	\$72.2	\$57.3	\$43.6	\$46.2	\$57.9	\$54.9	\$49.0	\$37.2	

**Notes:** For Petersburg Census Area, which includes Kake, Kupreanof, Port Alexander, Rowan Bay, and Saginaw Bay. Gross earnings are not inflation-adjusted. 2020 numbers are preliminary.

**Source:** Commercial Fisheries Entry Commission

dissolved in 2013 in favor of a borough government. The Petersburg Borough is mainly Petersburg but includes Kupreanof, the smallest second-class city in Alaska at 21 people in the 2020 Census.

The Scandinavian flavor remains strong over a century later. About 14 percent of the mostly white population claims Norwegian ancestry, according to the borough, and Petersburg stands out in Southeast Alaska for its long-running Little Norway Festival, Sons of Norway Hall, and Scandinavian-style structures.

The Little Norway Festival began in 1958 to mark the signing of Norway's Constitution on May 17, 1814, and it expanded in length and scope over time.

The multiday celebration, which returned in 2021 after the pandemic wrought its first-ever cancellation in 2020, also marks U.S.

Armed Forces Day, the coming of spring, and the beginning of the fishing season.

## Fishing industry stays afloat as the storms come and go

Petersburg has one commercial fishing permit for every three people. While the industry is less of a powerhouse than in past decades, it remains the local lifeblood, culturally and economically.

Most visible are the large seiners that harvest salmon, halibut, black cod (sablefish), king and tanner crab, and herring. Other harvesters include salmon trollers and a gillnet

fleet as well as Dungeness crab and dive fisheries.

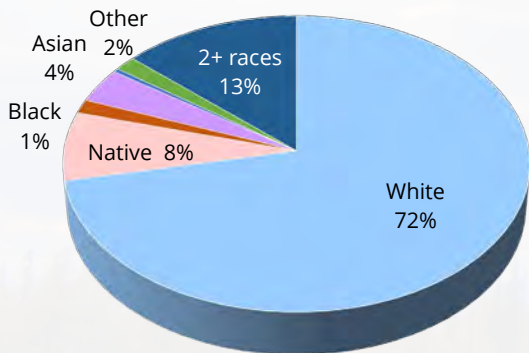
Like the rest of the state's economy, Petersburg's fishing industry took a blow in 2020 with the pandemic. The Department of Fish and Game reports Petersburg's landed poundage came in at just over half of what it had been the year before, and only a quarter of its decade peak in 2013.

The number of residents who fished commercially dipped from 369 in 2019 to 348 in 2020, and their gross earnings fell from \$49 million to \$37 million. For context, the decade peak for earnings was just over \$72 million, also in 2013.

In 2011, the National Marine Fisheries Service ranked Petersburg the nation's 15th most lucrative port by volume and 13th for value. By 2020, it had fallen to 33rd for volume and 38th for value.

Civil rights leader Elizabeth Peratrovich was born in 1911 in Petersburg.

## Petersburg's racial makeup in 2020



**Source:** U.S. Census Bureau, 2020 Census for Petersburg CDP



Things are looking better in 2021, though. Southeast is one of the state's top three regions for salmon, and it saw a surge of pinks this year and strong sockeye landings. The year's statewide salmon forecast was 61 percent above last year's, and the harvest far exceeded the forecast.

That bodes well for Petersburg, and so do 2021's high Dungeness crab prices. According to the local broadcaster KFSK, Petersburg's summer Dungeness haul was worth double its decade average value.

## Assessing the size of the area's seafood harvesting workforce

Estimating the size of Petersburg's seafood harvesting industry isn't as straightforward as most of our job counts because most fishermen are self-employed. However, the numbers of active fishermen and gross earnings in the table on the previous page and the U.S. Census Bureau's Nonemployer Statistics paint a consistent picture.

The Census Bureau shows 472 of the borough's 770 self-employed worked in the fishing and agriculture category at some point in 2018, the most recent year available, and brought in over \$53 million. That's nearly \$113,000 each.

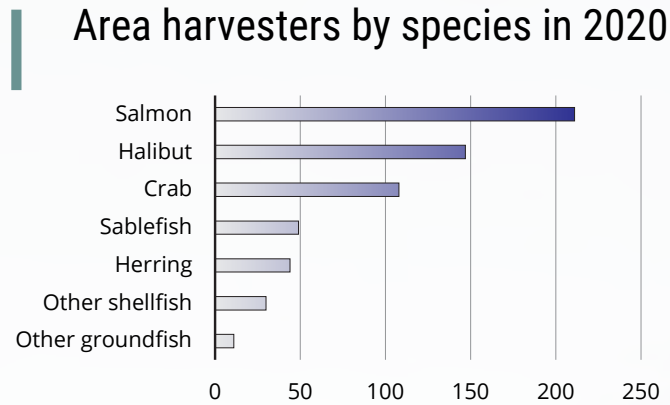
These numbers show Petersburg's high-earning seafood harvesting workforce is almost as big as its processing workforce. For Petersburg residents, harvesting is easily the largest industry.

## Seafood processors a big local presence

An additional 1,921 people worked in seafood processing jobs in 2019.

Two big plants operate in Petersburg (OBI Seafoods — a recent merger between Icicle and Ocean Beauty — and Trident Seafoods),

Petersburg is considerably older than the state as a whole, with a median age of 43. For Alaska, it's 35.7.



Note: Some individuals fish more than one species.

Source: Commercial Fisheries Entry Commission, preliminary 2020 data for Petersburg Census Area

as do a cold storage facility and a handful of smaller local plants, including Tonka Seafoods, Coastal Cold Storage, and Northern Lights Smokeries.

Sitka-based Silver Bay Seafoods, another big player, purchased property on Petersburg's Scow Bay several years ago, suggesting future expansion is possible.

In 2019, the most recent year available, seafood processing employed 561 of the borough's workers. While the other 1,300-plus were nonresidents — seafood processing has the highest nonresident percentage statewide — the industry was one of the top

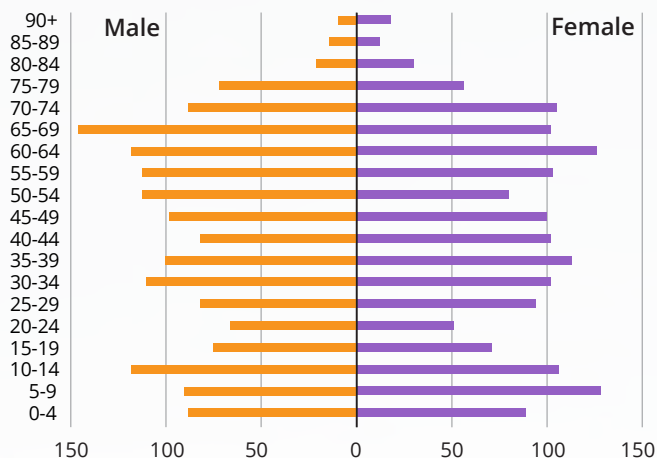
## The Petersburg Borough's workers in 2019

Industry	Local workers	Nonlocal Alaskans	Nonresidents	Total workers	Percent local
Manufacturing (mainly seafood)	131	8	422	561	23.4%
Local Government	253	5	21	279	90.7%
Retail Trade	182	24	43	249	73.1%
Health Care/Social Assistance	203	3	33	239	84.9%
Accommodation/Food Svcs	88	2	37	127	69.3%
Construction	32	32	18	82	39.0%
Transportation/Warehousing	53	8	21	82	64.6%
Other Services	35	7	9	51	68.6%
State Government	40	1	5	46	87.0%
Information	25	5	6	36	69.4%
All Other	96	23	50	169	56.8%

Notes: Excludes seafood harvesters, who are largely self-employed. See page 5.

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

## The population by age and gender



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section, 2020 Population Estimates for Petersburg Borough

employers for locals, as well, after local government, health care, and retail.

## The location means tourism looks different in Petersburg, too

Much of the community's retail supports tourism, which takes a back seat to fishing but is still a pillar of the economy. Even with tourism, Petersburg stands out from other Southeast destinations.

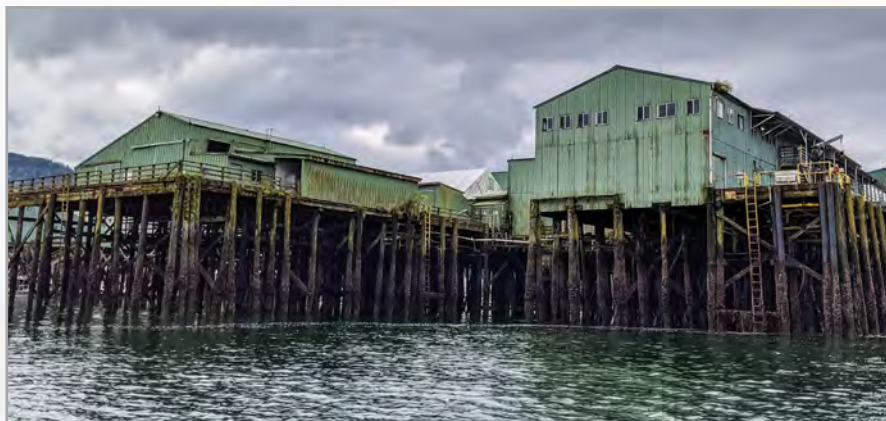
Petersburg is halfway between Ketchikan and Juneau but gets a fraction of their visitors, mainly because the often-shallow Wrangell Narrows south of town limits the size of visiting ships.

While Ketchikan and Juneau receive more than a million visitors during a typical summer, Petersburg sees about 50,000 tourists a year.



Above, participants dressed as vikings prepare for the Little Norway Festival Race in this 2009 photo by Flickr user [Damian Manda](#).

At right, this photo shows "cannery row" in Petersburg, courtesy of Flickr user [Mike X-d](#).





Only small cruise ships — about 250 passengers max — can dock in Petersburg. In contrast, a 1,200-foot cruise ship with a capacity for 4,000 passengers docked in Ketchikan for the first time on Aug. 2 of this year.

According to KRBD in Ketchikan, the ship held just 600 nonpaying passengers on this “dry run” to test pandemic protocols — but its size illustrates the vast difference in capacity between Petersburg and Southeast’s other tourism-centered towns.

## An overview of Petersburg's earnings and other industries

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Other prominent industries are local government and health care, which are mainstays in smaller towns. Petersburg's state government presence

is mostly Fish and Game and includes its research vessel R/V Kestrel.

While Petersburg has a reputation as a wealthy town, its wages outside of seafood harvesting and its total income are on the low side for Alaska. The borough's median household income was \$69,948 in 2019, and statewide it was \$77,640.

In early 2021, the average employee in Petersburg was making \$42,816 per year compared to \$57,888 for the average Alaskan.

The area's small number of federal jobs pay the highest wages by far, at an average of \$77,568. Other high-paying industries in Petersburg include water transportation and construction.

Sara Whitney is the editor of *Alaska Economic Trends* magazine. Reach her in Juneau at (907) 465-6561 or [sara.whitney@alaska.gov](mailto:sara.whitney@alaska.gov).

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## FISH PROCESSING

Continued from page 12

### Labor shortages remained a problem throughout 2021

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Last year, workers were broadly unavailable because of travel restrictions, reduced airline service, strict quarantine requirements, and worker hesitancy. As mentioned before, seafood processors mainly come from other states and countries to work in remote areas and live in employer-provided dorm-style housing.

While travel is no longer an issue and vaccines have constrained factory outbreaks, the pandemic is still taking its toll. With the national economy regaining ground but struggling with a shortage of willing workers, processors are competing for workers who may have more options than they had before.

### Relief money still pending, but some areas' runs improved

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Last year's salmon runs were so low that Cordova, Petersburg, and Ketchikan declared local

economic disasters. Between COVID-19 and bad runs, the state received \$50 million in federal CARES Act funding in 2020 for fishing industry relief.

Alaska divided the money roughly in thirds for commercial seafood harvesters, seafood processors, and the sport fishing industry, but hadn't distributed any of those funds when this article was published.

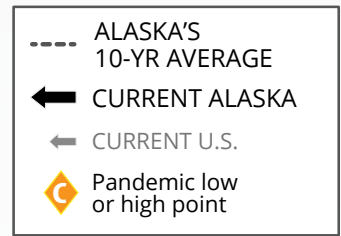
This year's salmon season was strong overall, but it varied by area. Robust runs improved the picture for Southeast and Cook Inlet. Bristol Bay harvests were down from 2020 in most species except sockeye, although sockeye is its dominant harvest. Sockeye arrived in greater numbers than the year before but with smaller-than-average fish.

The Arctic-Yukon-Kuskokwim area performed poorly in 2021, realizing none of its expected catch of sockeye or king and only half the predicted chum harvest, but a threefold bounty of pinks offset the losses somewhat.

Salmon prices also rose this year, especially for kings, as restaurants reopened and global demand picked up. In a uniquely Alaskan price comparison, a king salmon's value briefly exceeded that of a barrel of oil in July.

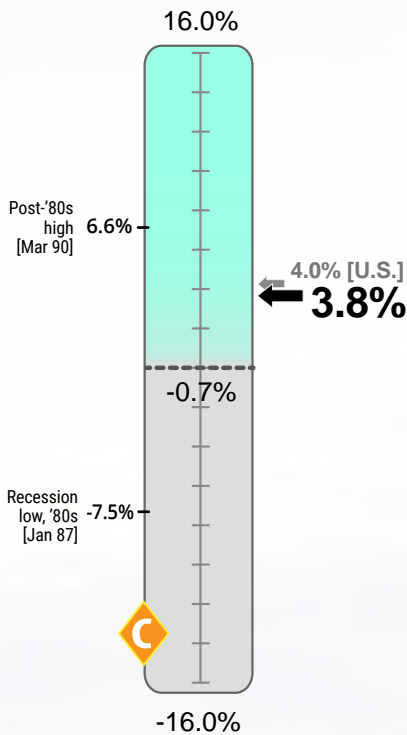
Karinne Wiebold is an economist in Juneau. Reach her at (907) 465-6039 or [karinne.wiebold@alaska.gov](mailto:karinne.wiebold@alaska.gov).

# Gauging The Economy



## Job Growth

September 2021  
Over-the-year percent change

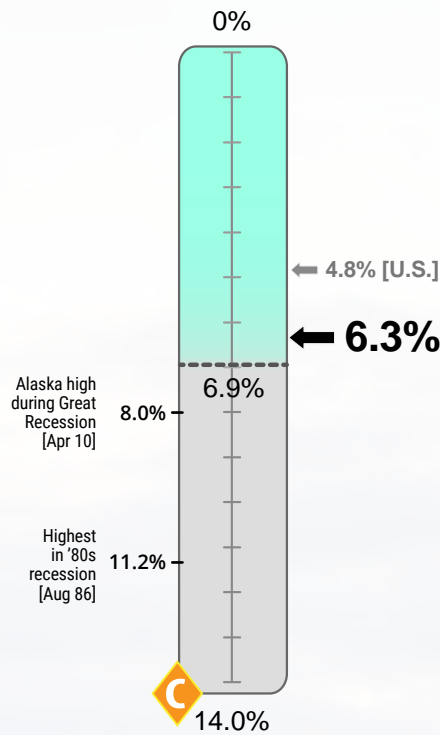


The spread of COVID-19 caused a rapid drop in employment beginning in April 2020. April 2021 marked the first comparison to a month in 2020 that had COVID-related job loss.

Although employment is up significantly from that low period, it was still 7.4 percent below the same month's job levels in 2019. U.S. employment levels were 2.5 percent below August 2019.

## Unemployment Rate

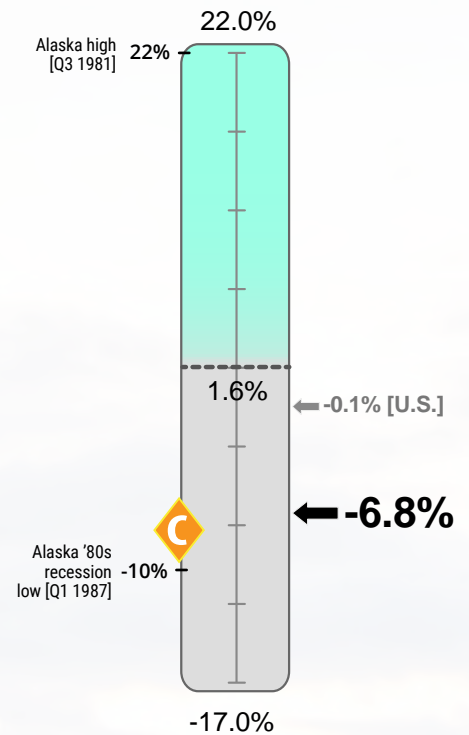
September 2021  
Seasonally adjusted



Alaska's unemployment rate has been difficult to calculate during the pandemic and has been less useful during the pandemic than it normally would be.

## Wage Growth

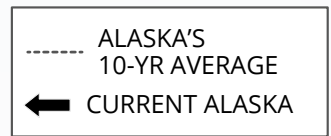
1st Quarter 2021  
Over-the-year percent change



After being well down during the second and third quarters of 2020, total wages paid by Alaska employers climbed above year-ago levels in the fourth quarter, then fell again in the first quarter of this year.

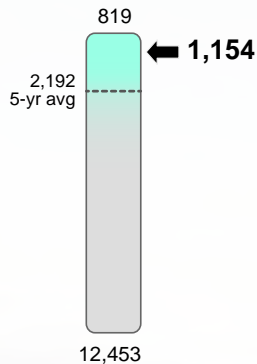


# Gauging The Economy



## Initial Claims

Unemployment, week ending Oct. 16, 2021\*

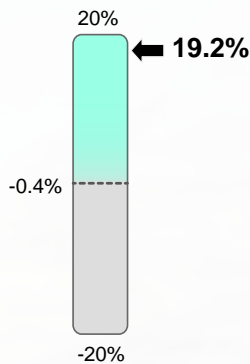


Unemployment claims jumped in the spring of 2020 with the pandemic as many businesses shut down or limited services. Pandemic-driven claims loads are on the decline, and new claims for benefits are back down into the long-term average range.

\*Four-week moving average ending with specified week

## GDP Growth

2nd Quarter 2021  
Over-the-year percent change\*

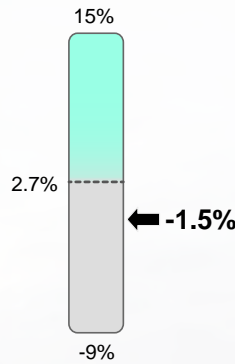


Gross domestic product is the value of the goods and services a state produces. Alaska's GDP dropped significantly when COVID-19 hit and oil prices dropped, but is now recovering.

\*In current dollars

## Personal Income Growth

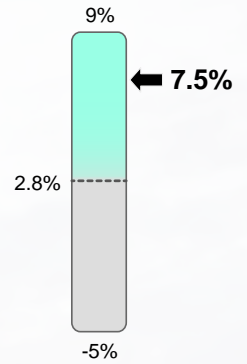
2nd Quarter 2021  
Over-the-year percent change



Personal income jumped early this year, largely because of federal COVID-19 relief funding, and has since fallen.

## Change in Home Prices

Single-family, percent change from prior year, Q2 2021\*

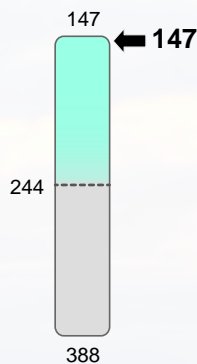


Home prices include only those for which a commercial loan was used. This indicator tends to be volatile from quarter to quarter.

\*Four-quarter moving average ending with specified quarter

## Foreclosures

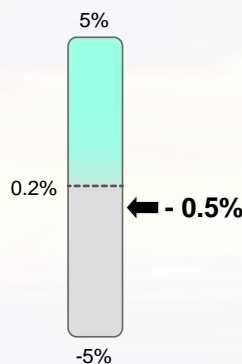
1st Quarter 2020



Because of the pandemic, there has been an indefinite moratorium on foreclosures since the second quarter of 2020.

## Population Growth

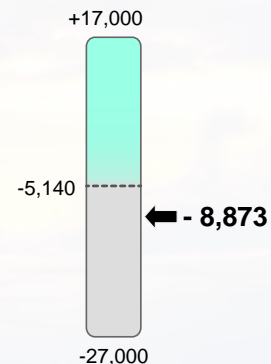
2019 to 2020



This was the fourth straight year of population decline.

## Net Migration

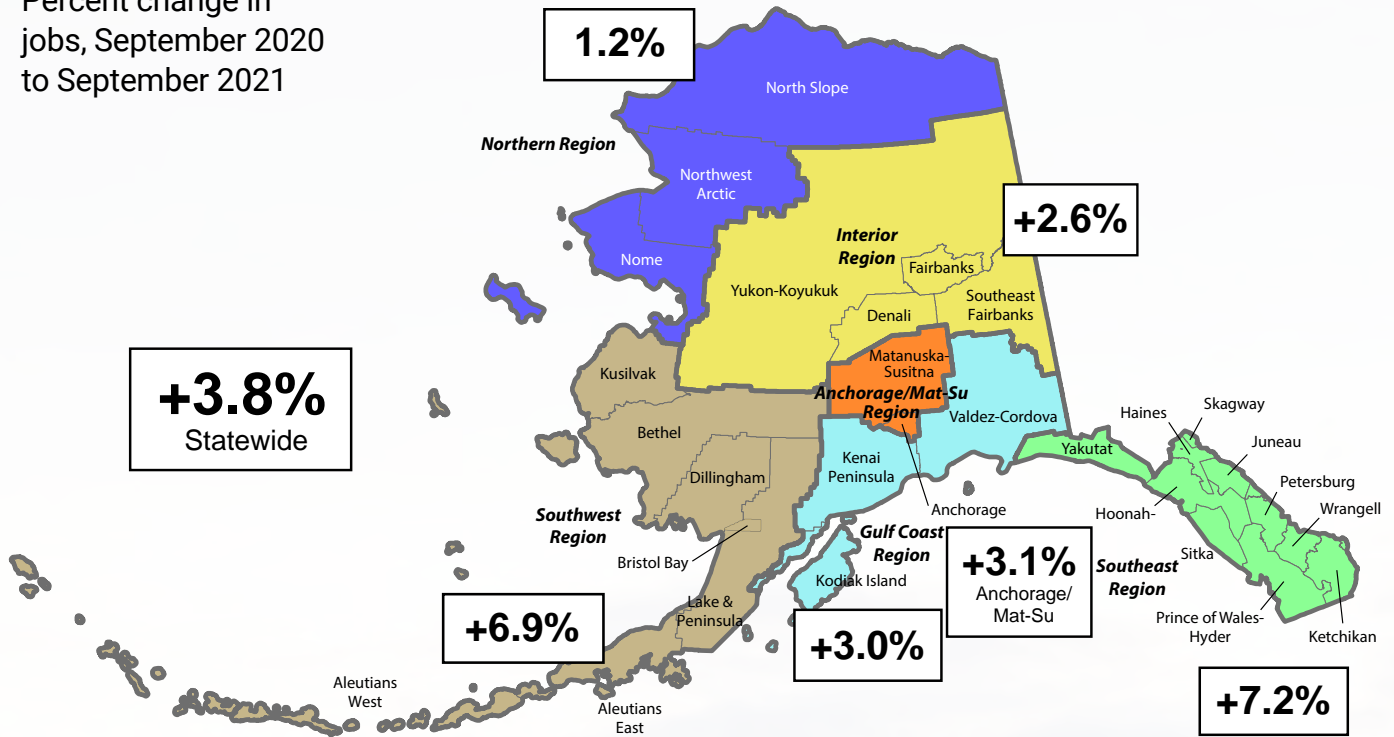
2019 to 2020



The state had net migration losses for the eighth consecutive year in 2020. Net migration is the number who moved to Alaska minus the number who left.

# Employment by Region

Percent change in jobs, September 2020 to September 2021



## Seasonally adjusted

	Prelim.	Revised	
	09/21	08/21	09/20
United States	5.2	5.4	8.4
Alaska	6.4	6.6	7.2

## Not seasonally adjusted

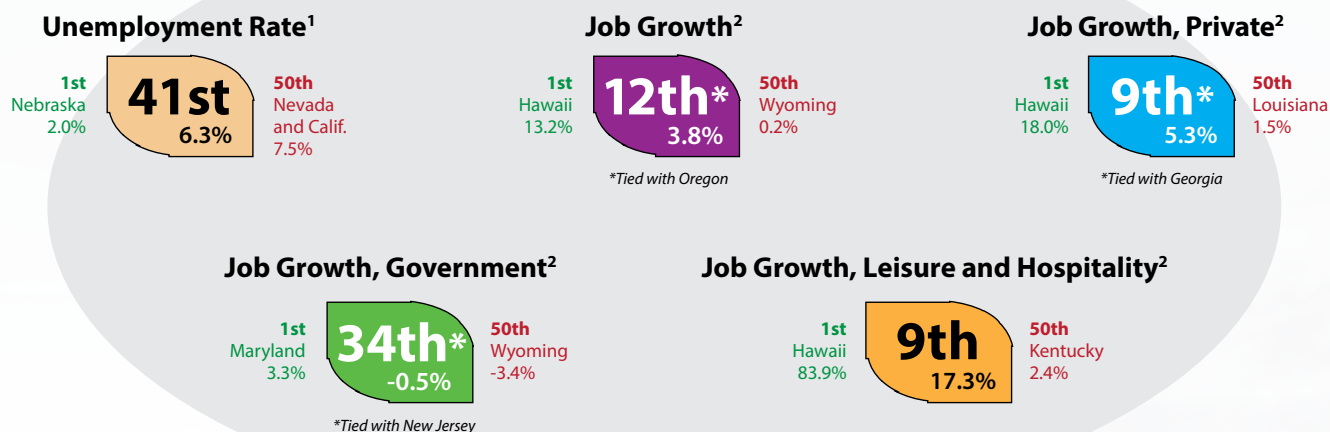
	Prelim.	Revised	
	09/21	08/21	09/20
United States	4.6	5.3	7.7
Alaska	5.2	5.1	6.5

## Regional, not seasonally adjusted

	Prelim.	Revised			Prelim.	Revised			Prelim.	Revised	
	09/21	08/21	09/20		09/21	08/21	09/20		09/21	08/21	09/20
<b>Interior Region</b>	<b>4.7</b>	<b>4.3</b>	<b>5.4</b>	<b>Southwest Region</b>	<b>8.0</b>	<b>7.7</b>	<b>7.6</b>	<b>Southeast Region</b>	<b>4.6</b>	<b>4.5</b>	<b>6.7</b>
Denali Borough	9.0	7.6	10.5	Aleutians East Borough	2.0	1.3	2.5	Haines Borough	7.7	7.4	11.2
Fairbanks N Star Borough	4.3	3.9	5.1	Aleutians West Census Area	2.6	2.1	2.2	Hoonah-Angoon Census Area	6.4	6.1	10.0
Southeast Fairbanks Census Area	5.7	5.5	5.1	Bethel Census Area	11.0	11.3	10.2	Juneau, City and Borough	3.6	3.6	5.7
Yukon-Koyukuk Census Area	9.3	9.3	8.5	Bristol Bay Borough	5.4	3.0	8.0	Ketchikan Gateway Borough	5.6	5.7	7.9
<b>Northern Region</b>	<b>8.5</b>	<b>8.6</b>	<b>8.4</b>	Dillingham Census Area	7.0	6.3	7.6	Petersburg Borough	5.5	5.2	5.3
Nome Census Area	8.9	9.7	9.2	Kusilvak Census Area	15.6	18.0	15.0	Prince of Wales-Hyder Census Area	6.3	6.2	7.4
North Slope Borough	6.5	5.7	5.7	Lake and Peninsula Borough	7.1	6.9	6.0	Sitka, City and Borough	3.3	2.9	4.8
Yukon-Charley Rivers National Preserve	9.8	9.9	9.9	<b>Gulf Coast Region</b>	<b>5.7</b>	<b>5.0</b>	<b>6.6</b>	Skagway, Municipality	9.4	8.6	16.9
<b>Anchorage/Mat-Su Region</b>	<b>5.0</b>	<b>4.9</b>	<b>6.6</b>	Kenai Peninsula Borough	5.9	5.4	7.3	Wrangell, City and Borough	6.5	5.3	7.1
Anchorage, Municipality	4.8	4.8	6.6	Kodiak Island Borough	4.9	3.9	4.2	Yakutat, City and Borough	6.4	5.7	5.3
Mat-Su Borough	5.5	5.5	6.8	Valdez-Cordova Census Area	5.6	4.2	5.6				



# How Alaska Ranks



Note: Government employment includes federal, state, and local government plus public schools and universities.

<sup>1</sup>September seasonally adjusted unemployment rates

<sup>2</sup>September employment, over-the-year percent change

Sources: U.S. Bureau of Labor Statistics and Alaska Department of Labor and Workforce Development, Research and Analysis Section

## Other Economic Indicators

	Current	Year ago	Change	
<b>Urban Alaska Consumer Price Index</b> (CPI-U, base yr 1982=100)	232.679	1st half 2021	225.049	+3.4%
<b>Commodity prices</b>				
Crude oil, Alaska North Slope, * per barrel	\$70.28	Aug 2021	\$43.39	+61.97%
Natural gas, Henry Hub, per thousand cubic feet (mcf)	\$4.03	Aug 2021	\$2.34	+72.22%
Gold, per oz. COMEX	\$1,763.80	9/20/2021	\$1,910.60	-7.68%
Silver, per oz. COMEX	\$22.34	9/20/2021	\$24.52	-8.89%
Copper, per lb. COMEX	\$4.25	9/20/2021	\$3.06	+38.89%
Zinc, per lb.	\$1.394	9/20/2021	\$1.08	+28.70%
Lead, per lb.	\$0.99	9/20/2021	\$0.83	+19.28%
<b>Bankruptcies</b>				
Business	65	Q2 2021	76	-14.47%
Personal	6	Q2 2021	5	+20.00%
Personal	59	Q2 2021	71	-16.90%
<b>Unemployment insurance claims</b>				
Initial filings	5,759	Sept 2021	16,711	-65.54%
Continued filings	28,729	Sept 2021	95,667	-69.97%
Claimant count	6,330	Sept 2021	26,092	-75.74%

\*Department of Revenue estimate

Sources for this page and the preceding three pages include Alaska Department of Labor and Workforce Development, Research and Analysis Section; U.S. Bureau of Labor Statistics; U.S. Bureau of Economic Analysis; U.S. Energy Information Administration; Kitco; U.S. Census Bureau; COMEX; NASDAQ; Alaska Department of Revenue; and U.S. Courts, 9th Circuit





# EMPLOYER RESOURCES

## Tax credit is one more reason to hire a veteran

Most employers know there are many reasons to hire a military veteran, including the job and leadership skills veterans bring to the company and their ability to be responsible and dependable employees. Another reason is employers may be entitled to a tax credit for each qualified veteran they employ.

The Alaska Veteran Employer Tax Credit is different from the Federal Work Opportunity Tax Credit. There's no certification process. Employers apply when they submit their corporate taxes, and there are only three credit categories. The process is simple and straightforward.

To qualify, the veteran must:

- Have been unemployed for at least four weeks immediately preceding the date employment begins, and
- Have been discharged or released from military services:
  - Less than 10 years before the date employment begins for disabled veterans (service-connected disability through the Veterans Administration), or
  - Less than two years before the date employment begins for veterans who are not disabled

The credit amount depends on whether the veteran is disabled, and whether the veteran is a permanent hire or a seasonal worker. If a permanent hire, the veteran must be employed for 1,560 hours or more during the 12 consecutive months immediately following the date the veteran is first employed. The credit available for permanent hires is \$3,000 for a disabled veteran and \$2,000 if not disabled.

If a seasonal hire, the veteran must be employed for 500 hours or more in a seasonal position during the three consecutive months immediately following the date the veteran is first seasonally. The credit is \$1,000.

Employers can apply for this tax credit with the state Form 6325 when they file annual corporate income taxes. [The form and instructions are available here.](#)

*Employer Resources is written by the Employment and Training Services Division of the Alaska Department of Labor and Workforce Development.*

