

Sitka Employment Update

Prepared For:
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Background and Methodology

Over the past few months there have been significant changes in Sitka's economy, including closure of a major employer, staffing reductions at key organizations, and construction and development projects. These changes will impact future economic opportunities in Sitka. The Sitka Economic Development Association asked the McDowell Group to evaluate the employment impacts of these changes.

The McDowell Group conducted several interviews with key executives in Sitka to develop an understanding of the employment impacts of these industry changes. Employment data for 2006 from the Alaska Department of Labor and Workforce Development (ADOLWD) was used to help analyze potential impacts.

Sitka is a small community with a diverse economy that includes jobs in government, health care, construction, seafood, tourism, education and support sectors. ADOLWD data show average annual employment of 4,409 people in 2006. Since more current employment data for Sitka is unavailable, information collected in the interviews was used to estimate the impact of recent changes in the economy.

Interviews with key executives indicate there has been both job loss and job creation in Sitka in recent months. Some Sitka employers have been or may be forced to lay off portions of their current workforce; others have vacant positions that will not be filled. At the same time, there have been developments in the seafood industry which will result in new seasonal jobs in Sitka.

Following is a summary of recent changes, by organization, based on the interviews.

Northern Southeast Regional Aquaculture Association

The Northern Southeast Regional Aquaculture Association (NSRAA) chum salmon return was lower than expected during the 2007 season, impacting fishermen, processors, and the NSRAA organization itself. With the low return, NSRAA did not meet its cost recovery goal, resulting in budgetary impacts. According to the operations manager, this will not impact employment, as the organization has reserve funds.

Currently NSRAA employs 23 full-time, year-round staff with 10 to 15 extra seasonal staff in the summer. The organization is developing a new coho program, with a new facility under construction at Sawmill Cove. The new facility has the potential to employ two additional staff. Employment levels are expected to remain steady until the new facility becomes fully operational.

Sheldon Jackson College

Sheldon Jackson College recently announced it would be suspending operations. As of November 30th all Sheldon Jackson staff will be laid off—a total of 109 full and part-time employees. Officials are looking for non-profit organizations to operate the physical education and child care centers. One group is interested in operating the physical education center, which may employ one full-time staff and two part-time. The Sheldon Jackson Hatchery is funded by the Department of Agriculture and employs two staff members. The funding for the coming year is still uncertain.

Southeast Alaska Regional Health Care (SEARHC)

As a result of budget constraints, SEARHC is reducing employment in the region. It is expected to reduce employment by 60 full-time employees region-wide, with 40 of those coming from Sitka. Half of the positions cut in Sitka are currently unfilled. The other half will result from active lay-offs. SEARHC is the largest employer in Sitka, with approximately 400 workers in 2006.

Silver Bay Seafoods

The new seafood plant, Silver Bay Seafoods, was completed in 2007. During the construction phase 25 Silver Bay employees and 50 to 60 contractor employees worked on the \$10 million project. Processing of salmon started on June 17, with 170 seasonal workers employed, including 12 Sitka residents. Silver Bay also employs

10 full-time, year-round employees, six of whom moved to Sitka for the jobs. Silver Bay processing activity also prompted Alaska Marine Lines to hire two drivers to keep up with the new freight demand.

U.S. Forest Service

U.S. Forest Service officials expect the Tongass National Forest operating budget to decline 30 percent in coming years. If this occurs, it is expected Sitka will lose five positions by 2010. In the last year, six employees have left and those positions will not be filled. No employment changes are expected over the next year, unless additional employees choose to leave and positions are unfilled.

Sitka Community Hospital

Employment has been steady at Sitka Community Hospital. There is always a shortage of nurses and various other staff; however the demand is met by traveling professionals. As of October 1st, Sitka Community Hospital signed an agreement with the Moore Clinic. The agreement has no net employment impact, though current Moore Clinic staff are now employees of Sitka Community Hospital. The employment outlook for the hospital is for no significant change.

Sitka School District

Current estimates indicate student enrollment in the Sitka School District has declined by over 100 students since last year. Enrollment figures impact the school district's budget. No immediate changes are expected as contracts have been signed for the 2007/2008 school year. However, the 2008/2009 school year budget may be impacted if enrollment decreases persist. This could impact employment in the school district.

Total Impacts

This analysis considered employment changes at some of Sitka’s most significant employers. Within the scope of this project, it was not possible to identify all job losses and gains in the Sitka economy. However, it is known that approximately 155 positions have been lost in education, health care, and government. Over the next few years, more positions may be lost as a result of budget reductions. A total of 10 full-time positions and 170 seasonal positions were added in the seafood sector. The new processing plant also impacted local service businesses including one business that hired two new employees to service the new facility. Total employment figures may stay constant from year to year. However, there is a shift in employment opportunities from full-time livable wage positions to part-time low wage seasonal positions.

The following table provides the most recent available employment data for Sitka. It does not include commercial fishermen, other self-employed people, or uniformed Coast Guard personnel.

Sitka Average Employment by Sector, 2005-2006

Employment Sectors	2005 Average Employment	2006 Average Employment
Total Government	1,188	1,182
Federal Government	207	188
State Government	339	346
Local Government	641	649
Private Ownership	3,231	3,227
<i>Goods-Producing</i>	563	558
Natural Resources & Mining	27	46
Construction	247	236
Manufacturing	289	276
Seafood Manufacturing	207	217
<i>Service-Providing</i>	2,668	2,669
Trade, Trans. & Utilities	844	843
Information	43	41
Financial Activities	130	153
Professional & Business Services.	134	136
Educational & Health Services.	855	851
Leisure & Hospitality	503	472
Other Services	159	158
Unclassified Establishments	-	18
Total Industries	4,419	4,409

Source: ADOLWD