



February 15, 2011

The Honorable Representative Paul Seaton, House Resources Co-Chair
State Capitol - Terry Miller Building, Suite 111
Juneau, Alaska 99801-1182 ✓

The Honorable Representative Eric Feige, House Resources Co-Chair
State Capitol - Terry Miller Building, Suite 111
Juneau, Alaska 99801-1182

Dear Mr. Seaton and Mr. Feige,

During my testimony yesterday on HB 105 the issue of job creation by round log export versus those created by domestic manufacture came up and I am providing the committee with the report that addresses this issue: *Southeast Timber Harvest Employment*, October 2005. In the Executive Summary you will see that the number of direct jobs per million board feet is 4.5 for domestic manufacture versus 4.3 for round log export. Summary points in the Executive Summary further explain the importance of stevedoring and other jobs associated with round log export to the rural village workforce, this work force typically does not want to move their family to a community with a sawmill.

I am also providing another report that you may find helpful to better understand this issue *The Impact of Sealaska Corporation on The Southeast Alaska Economy, 2009 Update*. Please feel free to contact me if you have any further, questions, comments, or concerns. I can be reached at (907) 586-9277, or via email ron.wolfe@sealaska.com.

Sincerely,

SEALASKA CORPORATION

Ronald R. Wolfe
Natural Resource Manager

Cc: Mr. Richard P. Harris, Sealaska VP
Mr. Chris Maisch, Alaska State Forester
The Honorable Representative Dick
The Honorable Representative Foster
The Honorable Representative Herron
The Honorable Representative Munoz
The Honorable Representative Gardner
The Honorable Representative Kawasaki

Southeast Timber Harvest Employment Impact Analysis

***PREPARED FOR:
Sealaska Corporation***



Research-Based Consulting

**Juneau
Anchorage**

October 2005

Southeast Timber Harvest Employment Impact Analysis

***PREPARED FOR:
Sealaska Corporation***



Juneau • Anchorage

October 2005

TABLE OF CONTENTS

Executive Summary	1
Introduction and Methodology.....	3
Introduction.....	3
Methodology	3
Overview of Southeast Alaska Timber Harvests	6
Southeast Alaska Timber Harvests	6
Tongass Harvest Volume	6
Sealaska Harvest Volume	6
Southeast Alaska Logging Employment.....	6
Tongass National Forest Harvests and Employment.....	8
Tongass-Related Employment	8
Overview of Sealaska Harvests and Employment.....	10
Sealaska-Related Employment	10
Other Sealaska Timber Harvest Related Employment	11

EXECUTIVE SUMMARY

The purpose of this study was to compare the employment impact of Sealaska timber harvests with the impact of Tongass timber harvests. The primary difference between the two harvests, in terms of job creation, is that Sealaska harvests, in addition to logging jobs, create jobs in shiploading. Tongass harvests, because of the primary manufacturing requirement, create jobs in sawmills. This report examines these and other employment characteristics. Key findings of this study are summarized below:

- Sealaska harvested an average of 92 million board feet (mmbf) of timber from its lands in 2002 and 2003. During those same years the Tongass harvest averaged 42 mmbf.
- Sealaska and Tongass logging typically account for approximately 2.1 jobs per mmbf of timber harvested. This does not include stevedoring or sawmill jobs.
- Sealaska-related stevedoring activity generated jobs for 209 Southeast village residents in 2002 and 2003, with earnings totaling approximately \$1 million annually. This equates to 2.2 jobs per mmbf. These mostly part-time jobs were in Hydaburg, Klawock, Kake and Hoonah.
- Tongass timber harvests created an average of 100 sawmill jobs in Southeast in 2002 and 2003 with payroll of \$2 million annually. This equates to 2.4 jobs per mmbf. These mostly full-time jobs were primarily in Ketchikan, Wrangell and Klawock.
- Including logging and sawmill employment, Tongass harvests created an average of 4.5 jobs per mmbf. This is a measure of direct employment impacts attributable to the Tongass harvest.
- Including logging and stevedoring jobs, Sealaska harvests created an average 4.3 jobs per mmbf. This is a measure of direct employment impacts only.
- Other Sealaska-related impacts are readily measurable. Including employment with Sealaska Timber Corporation (STC) contractors (logging and stevedoring), STC offices and Sealaska Corporation headquarters, Sealaska timber harvests accounted for an average of 416 jobs in 2002 and 2003, from an average annual harvest of 95 million board feet. That equates to 4.9 jobs per mmbf.
- Income from STC logging activity is widely dispersed among village residents and is an important source of cash, particularly for many who have a high degree of dependence on subsistence activities. Placing a domestic

manufacturing requirement on Sealaska timber harvests would transfer jobs from cash-poor areas to communities with existing sawmills.

- Not included in this study is the spending on goods and services by Sealaska Timber Corporation (other than logging and stevedoring), spending by Sealaska Corporation and Sealaska Heritage Institute, and spending by all of the employees of these organizations. This spending creates additional economic activity and employment in Southeast. Previous research has found that direct, indirect and induced employment related to Sealaska peaked at approximately 1,000 jobs in Southeast Alaska in 2002 and 2003.
- Also not factored into this analysis are other Sealaska contributions to Southeast including dividends paid to shareholders, SHI scholarships, and support for various regional programs. The shareholder intern program and shareholder hire policy, which have provided educational and career opportunities (that may not otherwise have been available) to many Southeast residents, are likewise not factored into this analysis.

In summary, the overall economic impact of Sealaska timber harvests is greater than that of the Tongass harvests (as would be expected, with about double the total harvest volume). Further, this analysis suggests that on a per mmbf basis, Sealaska's economic impact at least matches that of the Tongass (even with its primary manufacturing requirements).

INTRODUCTION AND METHODOLOGY

Introduction

The purpose of this analysis is to compare the number of jobs created from timber harvests on Sealaska lands to harvests from the Tongass National Forest in Southeast Alaska on a per-million-board-foot basis.

There are two key components of the Southeast Alaska logging industry: logging activity in the Tongass National Forest and logging on private landholdings. In Southeast, the most significant volume of private timber is harvested by Sealaska Timber Corporation (STC). There are also timber harvests on land owned by the State of Alaska, University of Alaska, Alaska Mental Health Trust, as well as other much smaller scale harvests.

Timber harvested in the Tongass National Forest has primary manufacturing requirements, which mandate that most harvested logs be at least minimally processed in Alaska prior to export. Cedar can be exported as round logs and these exports are an important part of the financial viability of Tongass operators.¹ The primary manufacturing requirement creates employment in local sawmills. Timber harvested from private land in Southeast has no similar manufacturing requirements and is mostly exported as round logs.

While most Sealaska timber is not processed in Southeast Alaska, STC timber contracts create certain jobs that Tongass harvests do not. Log “manufacturing” and scaling are somewhat more labor intensive on Sealaska harvests, as logs are sorted and prepared to the exact specifications of the export market. Ship loading activity, in particular, provides significant employment and wages to village residents in Southeast. Logs are felled, transported to tidewater and loaded on ships in the remote locations along the coast of Prince of Wales (POW) Island, Hoonah and Kake to be transported to market. In addition, Sealaska timber harvests support the operations of Sealaska Corporation and Sealaska Heritage Institute, which provide employment and other economic opportunities in Southeast Alaska.

Methodology

The analysis was based on a combination of primary and secondary research. Primary research sources included a review of internal STC data supplemented by interviews with STC contractors regarding employment on STC contracts in 2002 and 2003. Secondary data sources included published and unpublished employment data from the Alaska Department of Labor and Tongass National Forest timber harvest volume from the USDA Forest Service.

¹In 2004, yellow cedar accounted for 7.2 percent of the Tongass National Forest harvest and Western red cedar accounted for 7.3 percent of the Tongass harvest.

Published employment data for the forestry and logging industry includes establishments primarily engaged in cutting and trucking timber. However, logging-related employment also includes road building, towing, log scaling, sorting and other jobs. Companies engaged in these logging support activities report their employment to the Alaska Department of Labor in different ways, because of the vertical integration of some companies, or other factors. As a result, establishments engaged in similar activities may be assigned different industry codes under the North American Industry Classification System (NAICS). Certain businesses may be categorized in non-logging NAICS categories. For example, establishments primarily engaged in trucking timber are classified in Industry 484220, Specialized Freight; however, employment numbers specific to timber trucking are not available. As a result, employment estimates for the logging industry as reported by the ADOL include some, but not all, employment in other logging support jobs such as road building, trucking and towing.

Due to these data limitations, this analysis focuses on the economic impacts of logging and sawmill components of the timber harvest process. Employment from logging activity in the Tongass is published annually by the USFS, but was considered preliminary at the time of this report. Following discussions with the USFS regional economist regarding the methodology of the agency's annual report on timber supply and demand, the study team calculated Tongass and Sealaska-related employment based on the most recent logging and sawmill industry employment data. The respective percentages of Tongass and Sealaska timber in 2002 and 2003 were applied to the total regional employment data for the logging industry to estimate employment in these occupations.

The assumption was made that road building, logging and log trucking activity are essentially the same on Tongass and Sealaska harvests. It was further assumed that the difference in employment between Tongass and Sealaska harvests occurs after the logs reach tidewater. For Tongass harvests, logs are either loaded on trucks or barged to sawmills for processing. For Sealaska, logs are staged and rafted by bundles into log booms and loaded on ships for transport (this 'in water' work includes log booming, towing, and rafting ground construction and maintenance) and also transported by truck and barge.

Because of the uncertainty regarding employment from Tongass harvests, the assumption that logging activities are similar for Tongass and Sealaska harvests may not be completely accurate in certain instances. For example, to fully optimize the value of logs for the export market, Sealaska harvests may require more time in bucking and quality control work. Further, it has been reported that Sealaska helicopter-supported harvests create more jobs (up to 50 percent more) than Tongass helicopter-supported harvests, due to the more selective nature of Sealaska's harvests.² Further, due to the importance of quality in log exports, STC contracts create more employment in sort yards. Nevertheless, the basic assumption that harvesting employment is essentially the same of Sealaska and Tongass harvests is required to insure an "apples to apples" comparison is made in the absence of detailed data related to Tongass contractor employment.

² This estimate is based on interviews with representatives of Columbia Helicopters, a firm that conducts helicopter logging on Sealaska land and on the Tongass.

Employment data provided by Sealaska contractors is considered to be accurate, but should be considered best estimates in the absence of Alaska Department of Labor data specific to STC contractors. Similar data on Tongass-related employment at the contractor level was not available; for this reason, the comparison of Sealaska and Tongass employment is based on uniform secondary data sources only. Additional employment data provided by STC contractors is presented at the conclusion of the Sealaska section to illustrate total direct, indirect and induced employment from Sealaska timber harvests. Similar data is not available for Tongass-related employment.

OVERVIEW OF SOUTHEAST ALASKA TIMBER HARVESTS

Southeast Alaska Timber Harvests

Sealaska Timber Corporation (STC) harvests represented 50 percent of the timber cut in Southeast Alaska in 2002 and 2003, while Tongass harvests in that period accounted for between 18 and 27 percent of the total harvest. Other timber harvests occurred on land owned by the State of Alaska, Alaska Mental Health Trust, University of Alaska, Bureau of Indian Affairs (BIA), or other Alaska Native corporations.

Southeast Alaska Timber Harvests, 2002-2003
(in million board feet)

	2002	2003	Average
Tongass National Forest	33.8	50.8	42.3
Sealaska	95.9	93.8	94.9
Other	63.1	41.7	52.4
Total Harvest	192.8	186.3	189.6

Source: USDA Forest Service, *Timber Supply and Demand 2003*

Tongass Harvest Volume

Current Tongass timber harvests are significantly lower than in prior decades and are expected to remain well below the allowable sale quantity (ASQ) of 187 million board feet (mmbf) annually, based on a 2004 McDowell Group report³. In 2003, the Tongass harvest volume was approximately 51 mmbf, a 50 percent increase over the previous year's harvest of 34 mmbf. The most recent two-year average harvest was just over 42 mmbf. Future Tongass harvests are uncertain due to a recent 9th Circuit Court of Appeals decision that found the Forest Service's timber demand analysis flawed.

Sealaska Harvest Volume

STC harvested 95 mmbf of timber annually between 2002 and 2003. Sealaska Corporation is the only ANCSA Corporation in Southeast Alaska with sufficient landholdings to maintain a sustained annual yield of timber⁴.

Southeast Alaska Logging Employment

In 2002 and 2003, logging in Southeast Alaska accounted for an average of 362 and 406 jobs, respectively.⁵ Employment peaked at 519 jobs in August of 2003 and 482

³ McDowell Group, 2004. *Timber Markets Update and Analysis of an Integrated Industry in Alaska*.

⁴ McDowell Group, 2004.

⁵ Alaska Department of Labor and Workforce Development. Does not include stevedoring jobs and all transportation and construction jobs related to logging.

jobs in August of 2003. Based on annual averages, logging in Southeast created 1.9 jobs per mmbf in 2002 and 2.2 jobs per mmbf in 2003.

TONGASS NATIONAL FOREST HARVESTS AND EMPLOYMENT

Tongass-Related Employment

Tongass National Forest logging and sawmilling directly created an average of 187 jobs for the years 2002 and 2003. Timber harvests on the Tongass National Forest create employment in several industries including road building, logging (tractor, shovel, standard cable and helicopter), towing, log scaling and sorting. Because of the prevalence of muskeg and other loose soils in Southeast Alaska, road construction is a significant part of logging support activity. Logging activity (excluding sawmilling) created an average of 63 and 111 jobs in Southeast in 2002 and 2003, respectively, with an average of 87 for the two-year period.

Tongass logging activity also creates employment in Southeast sawmills due to the primary manufacturing requirements for National Forest timber. Tongass timber accounted for 73 percent and 59 percent of the logs milled in Southeast mills in 2002 and 2003, respectively⁶. Based on this volume of Tongass timber supplied annually to Southeast Alaska mills, the Tongass accounted for 110 and 89 sawmill jobs in 2002 and 2003, respectively, for a two-year average of 100 jobs.

Tongass-Related Logging and Sawmill Employment in Southeast Alaska, 2002-2003

Year	Tongass Logging Employment	Sawmill Employment	Total Tongass-Related Employment
2002	63	110	173
2003	111	89	200
2002-2003 average	87	100	187

Source: McDowell Group estimate based on employment data from Alaska Department of Labor and Workforce Development and USDA Forest Service, *Timber Supply and Demand 2003*.

Based on the average timber harvest volume of 42 mmbf from the Tongass National Forest, Tongass logging activity created 5.1 jobs per mmbf in 2002, decreasing to 3.9 jobs per mmbf in 2003. The two-year average was approximately 4.4 jobs per mmbf of Tongass timber.

Jobs per Million Board-Feet of Tongass National Forest Timber Harvested, 2002-2003

Year	Total Tongass-Related Employment	Tongass Harvest (in mmbf)	Employment per mmbf
2002	173	33.8	5.1
2003	200	50.8	3.9
2002-2003 average	187	42.3	4.4

Source: McDowell Group estimates based on employment data from the Alaska Department of Labor and Workforce Development and timber harvest volumes from USDA Forest Service, *Timber Supply and Demand 2003*.

⁶ Kilborn (2004) in USDA Forest Service, *Timber Supply and Demand 2003*

This estimate of employment per mmbf of timber harvested includes sawmill employment. Because the labor requirements for Tongass logging activity are assumed to be generally similar to Sealaska harvests, any difference in employment rates occurs after the timber is harvested and transported to tidewater. In the case of Tongass timber harvests, this is primarily sawmill employment (while shiploading activity is unique to Sealaska harvests).

The following table illustrates sawmill employment per mmbf for the sawmill component of Tongass employment, indicating an average range of 1.8 to 3.3 sawmill jobs per mmbf of Tongass timber harvested. Sawmill jobs are typically higher paying than jobs created in stevedoring. Statewide, the average annual earnings in the sawmill industry was \$31,716 in 2003 (Southeast regional data is not available due to confidentiality of the data). At the statewide average, Southeast sawmills generated \$2.8 million in earnings in 2003.

**Sawmill Jobs per Million Board-Feet of Tongass National Forest
Timber Harvested, 2002-2003**

Year	Tongass-Related Sawmill Employment	Tongass Harvest (in mmbf)	Employment per mmbf
2002	110	33.8	3.3
2003	89	50.8	1.8
2002-2003 average	100	42.3	2.4

Source: McDowell Group estimates based on employment data from the Alaska Department of Labor and Workforce Development and timber harvest volumes from USDA Forest Service, *Timber Supply and Demand 2003*.

In addition to logging and sawmill employment, other economic impacts created from Tongass logging include indirect and induced employment. This includes employment created from spending by companies in support of their operations and the induced employment created from spending by employees in the local economies of Southeast Alaska. Fully quantifying these “multiplier” effects is beyond the scope of this study.

OVERVIEW OF SEALASKA HARVESTS AND EMPLOYMENT

Sealaska-Related Employment

Sealaska Timber Corporation logging activity is conducted on Sealaska Corporation's landholdings in remote areas of Southeast Alaska. STC's logging activity is an important source of employment for rural Southeast residents, many of whom find limited employment opportunities in their communities. Income from STC activity is widely dispersed among village residents and is an important source of cash, particularly for many who have a high degree of dependence on subsistence activities. These economic impacts have been documented in previous research⁷.

STC harvested an annual average of 95 mmbf of timber in 2002 and 2003. Most of this harvest occurred in the Prince of Wales Island area (POW), including Dall Island, Natzuhini and Soda Bay. Approximately 65 mmbf was harvested from POW, 17 mmbf from the Hoonah area, and approximately 12 mmbf near Kake in 2003.

Based on the assumption that STC represented 50 percent of the timber harvested in Southeast Alaska in 2002 and 2003, it was assumed that 50 percent of logging employment, as reported by the Alaska Department of Labor, was due to STC logging contracts in that period. Based on that assumption, STC contracts created an annual average of approximately 192 logging jobs in 2002 and 2003. This estimate excludes subcontract activities, and is not a full accounting of STC-related employment due to the data limitations cited above.

Sealaska-Related Logging Employment in Southeast Alaska, 2002-2003

Year	Sealaska % of Total Harvest	Total Logging Employment	Sealaska Logging Employment
2002	50%	362	180
2003	50%	406	204
2002-2003 Average	50%	384	192

Source: McDowell Group estimates based on employment data from the Alaska Department of Labor and Workforce Development and timber harvest volumes from USDA Forest Service, *Timber Supply and Demand 2003*

An important source of employment not reflected in this data is stevedoring-related activity. This includes preparing the logs for shipping (bundling) and loading the logs on ships. Sealaska logging activity generated employment and income opportunities for an average of 209 individuals in Southeast Alaska in 2002 and 2003. This translates to an average of 2.2 stevedoring jobs per mmbf.

⁷ McDowell Group, 2004, *The Impact of Sealaska Corporation on the Southeast Alaska Economy*.

Stevedoring Jobs per Million Board-Feet of Sealaska Timber Harvest, 2002-2003

Year	Sealaska harvest in mmbf	Number of Workers	Jobs per mmbf
2002	95.9	211	2.2
2003	93.8	206	2.2
Average	94.9	209	2.2

Care must be taken in comparing these stevedoring jobs with the sawmill jobs created from Tongass timber harvests (which averaged 100 jobs in 2002 and 2003). Tongass sawmill activity provides generally regular, day-to-day jobs for a smaller number of workers. STC stevedoring-related activity provides intermittent jobs for a larger number of workers. The approximately 100 sawmill workers dependent on the Tongass earned a total of \$2 million in payroll, while the 209 STC-related stevedoring workers earned approximately \$1 million.

Other Sealaska Timber Harvest Related Employment

The total number of jobs that are in some way dependent on the income generated by Sealaska logging activity is greater than the logging and stevedoring jobs. STC activity supports the operations of STC headquarters in Ketchikan, plus three regional offices elsewhere in Southeast Alaska. Logging income also supports employment at Sealaska corporate headquarters and Sealaska Heritage Institute in Juneau. Without logging income, employment levels of both organizations would likely be significantly reduced (if not non-existent).

Based on a 2004 report by McDowell Group, STC contracts created an average of at least 461 jobs in Southeast Alaska in 2002 and 2003. The seasonal nature of logging activity and related changes in demand for labor provide significant peak employment for a larger number of residents than is reflected in the average employment numbers. Peak employment was approximately 713 full-time and part-time employees in 2002 and 2003.

Sealaska Corporation Direct Employment and STC Contractor Employment Southeast Alaska, 2002-2003 (Annual Average Employment)

Year	STC Headquarters	STC Contractors	Sealaska Corporation and SHI	Total Employment
2002	29	425	53	507
2003	29	331	55	415
2002 - 2003 Average	29	378	54	461

Based on direct Sealaska and STC contractor employment, Sealaska logging activity created an average of approximately 4.9 jobs per mmbf of timber harvested in 2002 and 2003.

**Jobs per Million Board-Feet
from Sealaska Timber Harvests, 2002-2003
(Annual Average Employment)**

Year	Harvest Volume	Employment	Average Jobs per mmbf
2002	95.9	507	5.3
2003	93.8	415	4.4
2002-2003 Average	94.9	461	4.9

This method captured some indirect employment impacts, but not all. It did not capture induced impacts. Spending on payroll and purchases of goods and services by Sealaska Timber Corporation, Sealaska Corporation and Sealaska Heritage Institute creates additional economic activity and employment, referred to as a multiplier effect. Including direct, indirect and induced employment, STC activity created approximately 1,000 jobs in Southeast Alaska in 2002 and 2003.

Some of Sealaska's contributions to Southeast are beyond the scope of this report, including dividends paid to shareholders, SHI scholarships, the shareholder intern program and shareholder hire policy, which provide educational and career opportunities to many Southeast residents.

THE IMPACT OF SEALASKA CORPORATION ON THE SOUTHEAST ALASKA ECONOMY 2009 UPDATE

Prepared for:

***Sealaska Corporation
One Sealaska Plaza, Suite 400
Juneau Alaska 99802***



Research-Based Consulting

**Juneau
Anchorage**

August 2009

Table of Contents

Executive Summary	1
Sealaska-Related Spending and Employment in Southeast.....	1
Other Sealaska-Related Benefits in Southeast.....	1
Role of Sealaska in Southeast Communities	1
Introduction.....	4
Sealaska’s Economic Impact in Southeast Alaska.....	5
Sealaska-Related Spending in Southeast Alaska.....	5
Sealaska-Related Employment and Payroll	7
Sealaska’s Impacts in Local Economies	10
Kake.....	10
Hydaburg	15
Craig, Klawock, and Prince of Wales Island Economy	20

Executive Summary

The purpose of this study is to measure the economic impact of Sealaska Corporation and its subsidiary operations on Southeast Alaska in 2008. This report presents region-wide data and impacts, as well as data for Kake, Hydaburg, and Prince of Wales Island overall.

Sealaska-Related Spending and Employment in Southeast

- Sealaska Corporation, Sealaska Timber Corporation, and Sealaska Heritage Institute spent \$45 million in 2008 in support of corporate and timber-related operations in Southeast Alaska. This spending included payroll and the purchase of goods and services, including timber harvest-related contracts. Spending was spread throughout the Southeast region. Approximately 350 businesses and organizations in 16 Southeast communities received spending from Sealaska-related activities.
- Region-wide, Sealaska and its contractors directly employed approximately 363 full and part-time workers in 2008. These workers earned an estimated \$15 million in payroll.
- Sealaska and its contractor employment combined make the corporation one of the largest for-profit private sector employers in Southeast Alaska.
- Including direct and indirect employment and payroll, Sealaska-related employment totaled nearly 490 workers and approximately \$21 million in payroll in Southeast Alaska in 2008.

Other Sealaska-Related Benefits in Southeast

Sealaska Corporation has a mission broader than paying dividends to shareholders. In addition to generating dividends, Sealaska's mission includes cultural preservation, shareholder education, and shareholder hire. Sealaska Corporation provides the seed money for the Sealaska Heritage Institute, which sponsors and supports numerous Native culture programs across Southeast Alaska. Using money set aside by Sealaska Corporation, Sealaska Heritage Institute awarded \$410,000 in scholarships in 2008.

Role of Sealaska in Southeast Communities

Sealaska logging activity and, in particular, ship-loading activity, represent important sources of cash to many village residents. A total of 135 Hydaburg and Kake residents earned some income from ship-loading in 2008. Though these jobs are part-time, they are an important source of cash income. This income and other Sealaska-related economic activity are increasingly important in light of the long-term decline in these community's economies and population.

Hydaburg

- In Hydaburg, approximately 68 local residents earned income from Sealaska-related ship-loading and logging activity. Sealaska-related personal income in Hydaburg was approximately \$700,000 in 2008, about 12 percent of the community's total personal income of \$6 million. Hydaburg continues to struggle economically and is Southeast Alaska's poorest community, in terms of per capita income.

Craig, Klawock, and Prince of Wales (POW) Island Economy

- Sealaska is the single largest source of employment on POW Island. Sealaska-related activity contributed approximately 210 jobs to the POW Island economy in 2008. This includes both full-time and part-time employment in Sealaska logging-related activity. (This count includes employment for residents of Hydaburg as well as other POW communities.)
- Sealaska accounted for approximately \$6 million in personal income to residents of Prince of Wales Island in 2008.
- Sealaska contracts related to logging in the POW area totaled \$25 million in 2008.
- In addition to logging contracts, Sealaska spent \$600,000 in 2007 with 31 POW businesses and organizations in Craig, Hydaburg, and Klawock.

Though the Prince of Wales Island population grew slightly in 2008, the island's economy has been in decline in recent years. All of the larger communities on the island have seen population declines, including Craig (down 18 percent since 2000), Klawock (down 8 percent), and Thorne Bay (down 21 percent). In the absence of Sealaska timber harvests, the decline would have been much more severe. Future Sealaska timber harvests will be key in curbing further economic decline on Prince of Wales Island.

Kake

- In Kake, approximately 87 workers earned income from Sealaska-related forest industry activity in 2008. Most of this income is related to ship-loading, but also includes silviculture-related jobs.
- Kake's economy continues to struggle with economic decline. The community's population in 2008 totaled 519 residents, 24 percent below the 2003 population of 679 and 33 percent below Kake's peak population of 775 residents in 1998. The decline in Sealaska timber harvest-related activity is only one of several factors that have affected the local economy.

**Summary of Economic Impacts of Sealaska Corporation
on Southeast Alaska, 2008**

Total Southeast Regional Impacts	
Direct employment (peak)	363
Direct + indirect employment (peak)	490
Direct payroll	\$15 million
Direct + indirect payroll	\$21 million
Total direct Sealaska payroll and spending in Southeast	\$45 million
Number of Southeast businesses and organizations receiving Sealaska dollars	350
Number of Southeast communities receiving Sealaska dollars	16
Dividends to Southeast shareholders	\$7.9 million
Local Area Impacts*	
Craig/Klawock and Other POW Island Impacts	
Sealaska-related employment	210
Sealaska-related payroll	\$8 million
Sealaska-related income to POW residents	\$6 million
Hydaburg Impacts	
Sealaska-related employment	68
Sealaska-related income to Hydaburg residents	\$0.7 million
Percentage of total personal income	12%
Kake Impacts	
Sealaska-related employment in Kake	87

*Note: Individual area totals do not include all indirect impacts of Sealaska activity. The numbers in this table are based on the best available data and should be considered estimates.

Introduction

Sealaska Corporation is a Native-owned corporation founded in 1971 as one of the 13 regional Native corporations under the Alaska Native Claims Settlement Act (ANCSA). The corporation's mission is to manage corporate assets to provide economic, social, and cultural benefits to its shareholders. Sealaska is the largest private landholder in the Southeast Alaska, and represents more than 20,000 Tlingit, Haida, and Tsimshian shareholders, roughly 40 percent of whom live in Southeast Alaska.

Sealaska's economic activity in Southeast Alaska is generated by its headquarters, and its operations subsidiary Sealaska Timber Corporation (STC) and Sealaska Heritage Institute (SHI). Sealaska Corporation's cultural and educational mission is administered by Sealaska Heritage Institute, which sponsors and supports numerous Native language and culture programs across Southeast Alaska, including the biennial cultural event Celebration. Additionally, Sealaska Heritage Institute awards scholarships each year from funds set aside by Sealaska Corporation to Alaska Natives who are Sealaska shareholders or shareholder descendants.

The purpose of this study is to measure the economic impact of Sealaska Corporation and its subsidiary operations on the Southeast Alaska economy in 2008. Sealaska Timber Corporation, through a number of contracting companies, harvests and exports logs primarily from Prince of Wales Island areas. Communities specifically affected by logging and ship-loading activity include Hydaburg, Klawock, Craig, and the Prince of Wales economy in general. In the past, Kake also has benefitted from STC timber harvests, but currently, activity in these communities is limited to silviculture-related work. Kake residents also are employed loading logs on to ships for export. Juneau, as headquarters to Sealaska Corporation and Sealaska Heritage Institute, benefits from administrative and managerial jobs located in the city.

This analysis includes the employment and personal income effects of Sealaska operations in Southeast overall. Sealaska Corporation, Sealaska Timber Corporation, and Sealaska Heritage Institute provided detailed data on spending and employment in Southeast communities. Additionally, STC provided data on recent timber harvest activity in the region. Key Sealaska contractors were contacted to collect information about the residency of their employees working on Sealaska contracts. This, along with data from the Alaska Department of Labor and Workforce Development (ADOL), the US Bureau of Economic Analysis (BEA), and the US Census Bureau, provided the data used in this analysis.

Personal income is a strong indicator of economic impact in a community or region. Little data, however, exists on personal income in small communities in Alaska. The most current measure of per capita income for communities such as Craig, Klawock, Kake, and Hydaburg is the 2000 Census. More recent data is available from the BEA for larger geographic areas, such as boroughs or census areas; this data, however, does not accurately reflect many of the small communities within these areas.

Given the lack of particularly relevant and timely data, the study team relied on a mix of data to estimate personal income for these communities, including current employment data and wage rate data (ADOL, 2008); census area level income source data (US Census Bureau, 2000 Census and BEA, 2005); as well as other income data from the Commercial Fisheries Entry Commission (CFEC), based on the value of residents' commercial seafood harvest over the last several years.

Sealaska's Economic Impact in Southeast Alaska

This economic impact analysis focuses on the quantifiable impact of Sealaska Corporation business activity, primarily timber harvesting, on Southeast communities in 2008. Impact measures include spending on payroll and on goods and services in Southeast Alaska, as well as local jobs directly related to Sealaska's activities.

In this section, spending and employment data are provided for Sealaska Corporation headquarters and the Sealaska Heritage Institute, both in Juneau, and Sealaska Timber Corporation (STC), headquartered in Ketchikan and with employees in Hoonah and Craig.

Spending and employment data reveal important economic impacts, but do not provide a complete picture of the corporation's impact on the Southeast region or its communities. Each year Sealaska Heritage Institute awards a number of scholarships to shareholders and shareholder descendents. While the dollar value of scholarships awarded in 2008 is included in this analysis, the long-term economic benefits of these investments (such as recipients of educational funding returning to Southeast Alaska with degrees and vocational certificates) are beyond the scope of this report. Sealaska Corporation's shareholder intern program and shareholder hire policy likewise have provided educational and career opportunities that otherwise may not have been available to many Southeast residents. Shareholders also have benefited from corporate dividends. In 2008, Sealaska Corporation paid \$7.9 million to shareholders in Southeast communities, an average of \$432 per shareholder.

Sealaska-Related Spending in Southeast Alaska

Sealaska Corporation headquarters, the Sealaska Heritage Institute, and Sealaska Timber Corporation spent a combined \$45 million in payroll and the purchase of goods and services in Southeast Alaska in 2008. Approximately 350 businesses and nonprofit organizations in 16 Southeast communities received Sealaska-related spending in 2008. These businesses include logging and towing contractors, marine service centers, air carriers, and nonprofit organizations, among others.

Sealaska Corporation Headquarters Spending

In 2008, Sealaska Corporation headquarters spent approximately \$9.1 million on the purchase of goods and services in Southeast communities, compared to \$8.6 million spent in 2007. Sealaska Corporation spending was slightly decreased in Kake, from roughly \$1.6 million in 2007 to \$1.5 million in 2008, and slightly increased in Klawock, from \$860,000 in 2007 to \$1 million in 2008.

**Sealaska Corporation Headquarters Spending
in Southeast Alaska, by Community, 2000, 2002, 2003, 2007 and 2008
(in thousands of dollars)**

Community	2000	2002	2003	2007	2008
Juneau	\$3,950	\$5,988	\$3,314	\$4,055	\$4,529
Craig	428	381	713	388	411
Hoonah	196	124	158	66	52
Hydaburg	111	167	137	562	654
Ketchikan	305	234	103	469	489
Angeon	38	147	91	24	8
Klawock	91	146	86	860	1,007
Kake	1,026	207	66	1,571	1,490
Sitka	152	27	58	49	47
Yakutat	58	97	50	317	401
Haines	25	9	23	231	43
All Other Southeast	3	3	4	13	9
Total Southeast Spending	\$6,383	\$7,530	\$4,803	\$8,605	\$9,140

Source: Spending data provided by Sealaska Corporation.

Sealaska Heritage Institute Spending

In 2008, the Sealaska Heritage Institute spent a total of approximately \$900,000 on the purchase of goods and services. This includes spending on scholarships awarded to Sealaska shareholders and shareholder descendants. Data on spending by location was unavailable for 2007, but if the proportion spent in Southeast is assumed to be similar to that found in previous studies, approximately two-thirds (\$980,000) was spent in Southeast communities in 2007. In 2008, nearly \$410,000 of the spending went to scholarships awarded to Sealaska shareholders or shareholder descendants living around the country, including Southeast communities.

Sealaska Heritage Institute Spending, 2003, 2007 and 2008

Region	2003	2007*	2008
Total Spending	\$790,000	\$1,592,000	\$900,000
Spending in Southeast	\$485,000	\$980,000*	\$490,000

Source: Spending data provided by Sealaska Heritage Institute.

*Note: The 2007 figure for Heritage Institute spending in Southeast Alaska is a McDowell Group estimate; actual regional spending data were not available from Heritage Institute or Sealaska Corporation at the time of this report.

Sealaska Timber Corporation Spending

Sealaska Timber Corporation spent approximately \$28 million on the purchase of goods and services in support of Southeast logging activity in 2008, a 13 percent increase in spending since 2007. Most of STC's spending goes to logging, stevedoring, and towing contractors operating in the Prince of Wales Island area. The following table shows STC's direct spending by community in 2007 and 2008.

**Sealaska Timber Corporation Spending
in Southeast Alaska, by Community*, 2000, 2002, 2003, 2007 and 2008
(in thousands of dollars)**

Community	2000	2002	2003	2007	2008
POW Island	\$16,753	\$15,615	\$17,304	\$9,510	\$12,561
Ketchikan**	14,093	10,928	10,751	14,701	15,350
Kake	331	5,312	4,568	4	4
Hoonah	16,034	5,031	4,353	783	282
Juneau	177	53	210	19	100
All Other Southeast	537	374	398	9	7
Total Spending in Southeast	\$47,925	\$37,313	\$37,584	\$25,026	\$28,304

Source: Vendor data provided by STC.

*Note: Spending attributed to location of contractor or vendor headquarters.

**Note: Ketchikan spending includes STC contracts for logging and related activity located on POW Island.

Sealaska-Related Employment and Payroll

Sealaska Corporation employment and its contractor employment combined continue to make the corporation one of the largest for-profit private sector employers in Southeast Alaska. In terms of peak employment, Sealaska accounts for more jobs than Alaska Airlines or Greens Creek Mining Company, two of the region's other large for-profit private employers.

Sealaska Corporation headquarters employment in Juneau averaged 52 workers in 2008, with a total payroll of \$4.6 million. Sealaska Heritage Institute employment in Juneau averaged 25 workers, with a total payroll of \$950,000 for the year. STC directly employed an average of 16 workers in Southeast in 2008, including 11 in Ketchikan, four in Craig, and one in Hoonah. These jobs accounted for \$1.3 million in total annual payroll.

**Sealaska Corporation, Sealaska Timber Corporation, and Sealaska Heritage Institute,
Payroll in Southeast Alaska, 2000, 2002, 2003, 2007 and 2008
(in thousands of dollars)**

	2000	2002	2003	2007	2008
Sealaska Corporation Headquarters	\$4,200	\$2,300	\$2,220	\$3,889	\$4,607
Sealaska Heritage Institute	---*	490	742	1,350	950
Sealaska Timber Corporation Headquarters	2,160	1,578	1,962	1,088	1,252
Total Sealaska Payroll in Southeast Alaska	\$6,360**	\$4,368	\$4,924	\$6,327	\$6,809

Source: Payroll data provided by Sealaska Corporation, Sealaska Heritage Institute, and STC.

*Sealaska Heritage Institute payroll data was unavailable for 2000.

**Does not include Sealaska Heritage Institute Payroll

Sealaska Timber Corporation timber harvest-related contracts and Sealaska silviculture contracts created an estimated peak of 261 jobs in Southeast Alaska in 2008, down from approximately 330 jobs in 2007. While payroll data is not available for these contractors, it is estimated that STC contractor jobs accounted for roughly \$10 million in total payroll in 2008, two-thirds of total Sealaska-related payroll in Southeast Alaska that year.

Sealaska-Related Annual Average Employment in Southeast Alaska, 2002, 2003, 2007 and 2008

	2002	2003	2007	2008
Sealaska Corporation Headquarters	34	38	45	52
Sealaska Heritage Institute	19	17	22	25
Sealaska Timber Corporation Headquarters	29	29	16	16
STC and Sealaska Contractors	425	330	220	165
Total Sealaska-Related Direct Employment in Southeast Alaska	507	415	303	258

Source: Sealaska Corporation, Sealaska Heritage Institute, STC and STC vendor employment data supplied by STC.

Sealaska-Related Peak Employment in Southeast Alaska, 2002, 2003, 2007 and 2008

	2002	2003	2007	2008
Sealaska Corporation Headquarters	40	44	50	60
Sealaska Heritage Institute	24	22	24	25
Sealaska Timber Corporation Headquarters	34	30	17	17
STC and Sealaska Contractors	597	635	330	261
Total Sealaska-Related Direct Employment in Southeast Alaska	695	730	421	363

Source: Sealaska Corporation, Sealaska Heritage Institute, STC and STC vendor employment data supplied by STC.

Region-wide, Sealaska Corporation, Sealaska Heritage Institute, Sealaska Timber Corporation, and STC contractors employed approximately 363 full-time and part-time workers in 2008 in Southeast Alaska. Annual average employment was 258 workers. This represents a 14 percent decline in the total number of employees (peak employment) from 2007 to 2008 and a 15 percent decline in annual average employment during the same time period. Sealaska-related employment created an estimated \$15 million in payroll to Southeast Alaska workers.

The following table provides Sealaska contractor-related employment for key communities and areas of Southeast. Hydaburg, Kake, and the Craig/Klawock areas are the most affected by Sealaska-related employment in the region. The total of 303 workers differs from the peak employment figure of 261 noted in the previous table due to how ship-loading employment is measured. At any one time in 2008, the most people employed loading logs onto ships was 79. A total of 135 Kake and Hydaburg residents, however, earned some income from ship loading in 2008. The following table reflects this larger number. Other Kake and Hydaburg residents were employed in other jobs related to Sealaska timber activity, pushing total Sealaska-related employment in those communities to 87 and 68 jobs, respectively.

**Sealaska Timber Corporation Contractor Employment
in Southeast Alaska, 2000, 2002, 2003, 2007 and 2008**

Community	2000	2002	2003	2007	2008
Kake	143	118	130	30	87
Hydaburg	74	82	85	70	68
Craig/Klawock/Other POW	249	228	250	200	117
All Other Southeast	309	169	170	30	31
Total Southeast Employees	775	597	635	330	303

Source: McDowell Group estimates based on data supplied by Sealaska and STC.

Sealaska's direct spending on payroll and the purchase of goods and services creates additional economic activity in the local economy, referred to as the multiplier effect. Including direct and indirect employment and payroll, Sealaska-related employment totals approximately 490 workers and \$21 million in payroll in Southeast Alaska, based on McDowell Group estimates.

Sealaska's Impacts in Local Economies

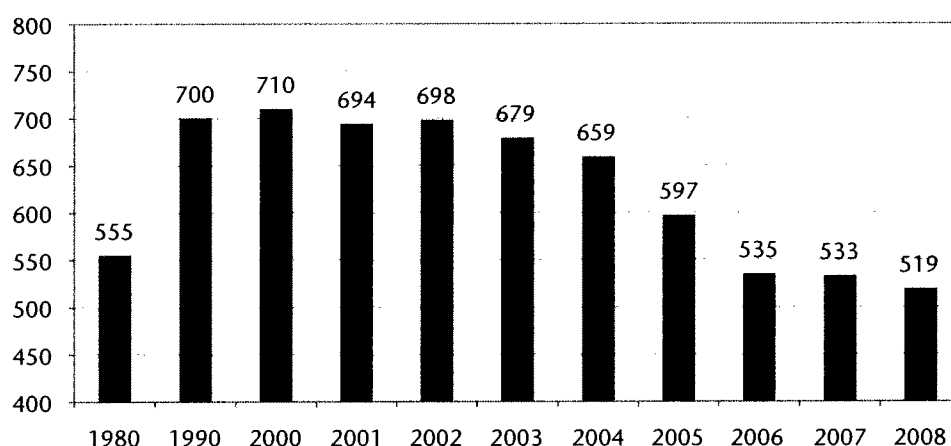
Kake

In the past, Sealaska Timber Corporation timber harvests have played an important role in the Kake economy. Though STC has not harvested any timber in the Kake area since 2006, when 15 mmbf were cut, Sealaska has continued to have a positive economic impact on the community through ship-loading employment and employment associated with silviculture activities. Despite Sealaska's contribution, the community continues to struggle economically.

Population

Kake is a community of 519 residents (2008) located on the northwest coast of Kupreanof Island. The community's population has declined steadily since 2000, when it had 710 residents. Kake's economy is based on commercial fishing and seafood processing, local government, tourism, and remaining timber and silviculture activities.

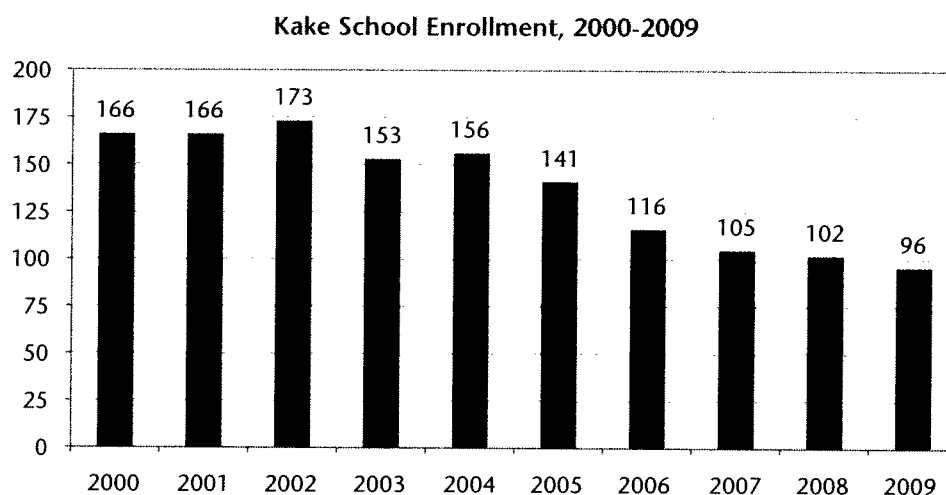
Kake Population, 1980, 1990, and 2000-2008



Source: ADOL 2008 population estimates.

School Enrollment

School enrollment trends reflect the community's population decline. The most recent school enrollment numbers are 45 percent below the peak of seven years ago.



Source: ADEED district enrollment totals, 2000-2009.

Employment

ADOL data illustrates the importance of local government and tribal services in terms of employment in Kake. The top three employers are the City of Kake, the Kake City School District, and the Organized Village of Kake. This indicates a shift from the recent past (2003), when all three top employers were private-sector companies. Currently, Kake Tribal Corporation is the community's largest private-sector employer, and the fourth largest employer overall. Detailed employment data for individual employers is no longer available from ADOL, so 2007 data remains the best available information. The only notable change in the top ten list is the shutdown of LAB Flying Service. It also should be noted that Southeast Stevedoring, which employed 73 Kake residents on a temporary part-time basis in 2008, is not included in ADOL employment data for Kake because it does not have any operations in the Kake area.

Top Ten Employers in Kake, 2007
Non-Agricultural Employment

Employers	Annual Average Employment	Peak Monthly Employment
City of Kake	27	37
Kake City School District	25	33
Organized Village of Kake	25	28
Kake Tribal Corporation	23	36
Southeast Alaska Regional Health Consortium	14	15
SOS Value-Mart Inc.	13	15
Gunnuk Creek Hatchery	13	19
CSC Tree Service Inc.	10	36
Catholic Community Services Inc.	5	6
LAB Flying Service Inc.	5	6
All Other Employers (17)	33	59
Total Employment	193	290

Source: ADOL, unpublished statewide employer data.

Consistent with population trends, employment in Kake has declined significantly in recent years. From an annual average employment of 311 jobs in 2003, the community's employment fell to 193 in 2007 and recovered very slightly to 196 jobs in 2008. Much of the decrease in employment since 2003 can be attributed to the cessation of Kake Tribal Logging and Timber operations in 2004 and Kake Foods in 2006. Together, these two companies averaged 108 jobs in 2003, according to ADOL.

Employment in Kake, 2003-2008
Non-Agricultural Employment

Year	Annual Average Employment
2003	311
2004	200
2005	197
2006	218
2007	193
2008	196

Source: ADOL, unpublished data.

Wage and salary employment in Kake generated \$4.6 million in payroll in 2008, down from the 2007 payroll total of \$4.8 million, according to ADOL data.

Commercial Fishing

Commercial fishing activity is an important source of income for Kake residents. While participation in commercial fisheries has declined significantly in recent decades, ex-vessel values have been reasonably stable since 2000, with estimated annual gross earnings ranging from \$800,000 to \$1.1 million. In 2008, 23 Kake resident permit holders fished 33 different permits, and earned \$916,000 in gross (ex-vessel) revenue.

Commercial Fishing Activity in Kake, 2000-2008

Year	Fishermen Who Fished	Permits Fished	Pounds Landed	Est. Gross Earnings
2000	28	45	1,081,000	890,000
2001	26	42	2,726,000	1,018,000
2002	26	43	2,880,000	817,000
2003	24	39	2,730,000	867,000
2004	30	43	1,290,000	883,000
2005	27	37	970,000	810,000
2006	25	38	1,216,000	1,067,000
2007	23	32	1,524,000	1,068,000
2008	23	33	823,000	916,000

Source: Commercial Fishing Entry Commission, permit and fishing activity by community, 2000-2008.

Personal Income

Based on data from the Bureau of Economic Analysis and the US Census Bureau, McDowell Group estimates that personal income in Kake totaled approximately \$11 million in 2008.

In 2000, Sealaska directly or indirectly accounted for 30 percent of all personal income dollars flowing into Kake. In 2003, Sealaska accounted for about one-fifth of all personal income dollars, or approximately \$2.5 million (including dividends). In 2008, Sealaska-related employment in the Kake area was limited to 87 mostly part-time jobs, including ship-loading and silviculture jobs. These workers earned approximately half a million dollars. Sealaska also contributed \$207,000 in dividends to Kake residents in 2008. In total, Sealaska accounted for approximately \$700,000 in personal income, or about 6 percent of the community total.

Commercial fishing accounted for an estimated \$600,000 in annual personal income. This amount is less than the total ex-vessel value. Ex-vessel value is a measure of gross income to fishermen. Take-home pay (personal income) is ex-vessel value less expenses such as fuel, gear, insurance, etc.

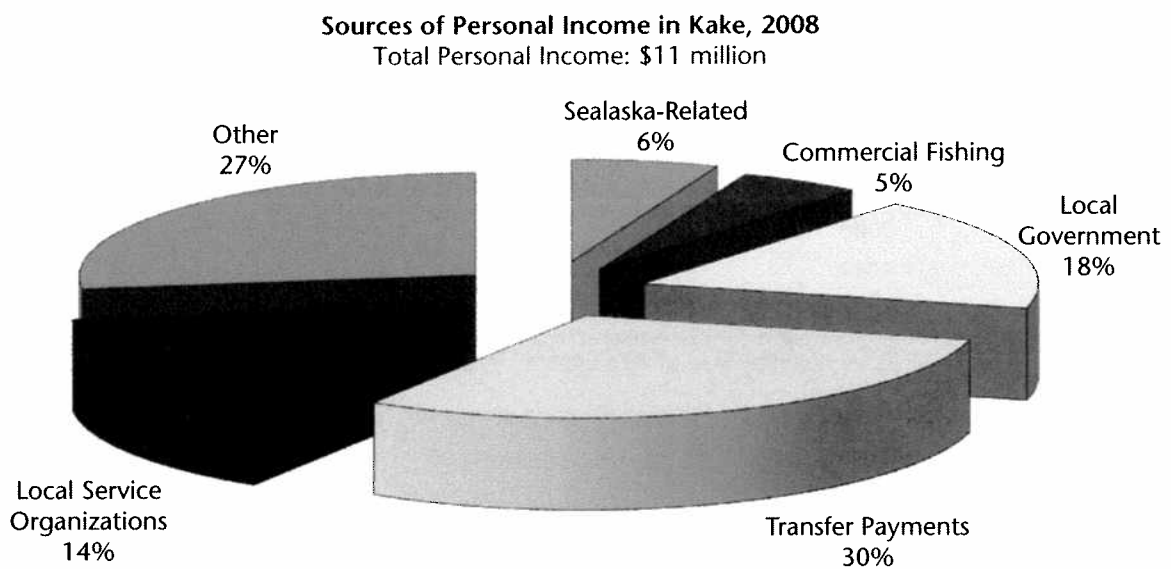
Local government, including city offices and the Kake City School District, contributed \$2 million in personal income to community residents in 2008, approximately 18 percent of all local personal income.

Local service organizations include Organized Village of Kake, Southeast Alaska Regional Health Consortium (SEARHC), the Rural Alaska Community Action Program, and other organizations providing services to local

residents. Together these organizations accounted for approximately \$1.5 million in personal income, or 14 percent of total personal income in 2008.

In 2008, transfer payments accounted for approximately 30 percent of all personal income for Kake residents, or about \$3.3 million. Again, transfer payments include all payments from governments to individuals, such as Alaska Permanent Fund dividends, Social Security payments, welfare payments, and other government transfers.

The "other" category of personal income includes all other sources, in particular income generated from other private sector commercial activity, such as construction, retail sales, and transportation services. It also includes state and federal government, which employ a small number of Kake residents. The total estimated personal income from this category was approximately \$3 million in 2008.



Source: McDowell Group estimates.

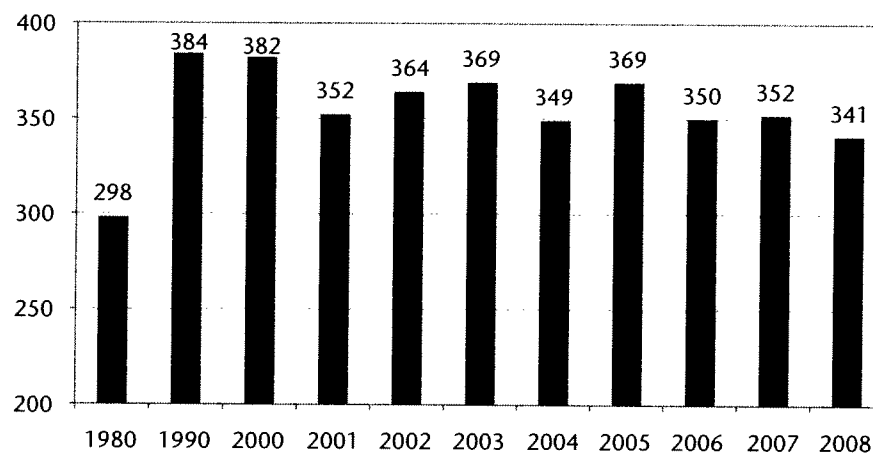
Hydaburg

In 2008, STC harvested 30mmbf in the Hydaburg area, down slightly from 31 mmbf in 2007 and significantly from the 81 mmbf harvested in 2004. With regard to Sealaska timber harvests, the community of Hydaburg benefits primarily from the employment opportunities associated with loading logs onto ships for transport to overseas export markets.

Population

Since 1990, Hydaburg has maintained a fairly stable population, ranging between 340 and 385 residents, though the general trend is down. In 2008, the community had a population of 341, its lowest point since prior to 1990. Hydaburg's economy is based on commercial fishing activity, timber harvesting, and local government.

Hydaburg Population, 1980, 1990, and 2000-2008

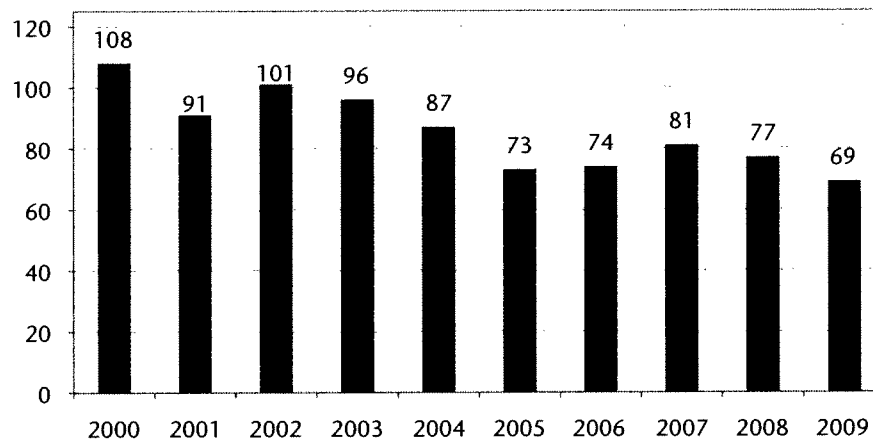


Source: ADOL 2008 population estimates.

School Enrollment

Hydaburg's school enrollment has fallen more significantly than has the local population. School enrollment is currently at about 69 students, 36 percent below the 2000 level.

Hydaburg School Enrollment, 2000-2009



Source: ADEED district enrollment totals 2000-2009.

Employment

As in other remote villages in Southeast, Hydaburg's local school district and tribal council provide a significant number of jobs within the community. Employment data for 2007 indicates the school district was the largest employer in Kake that year; preliminary 2008 data suggests, however, the Hydaburg Cooperative Association moved to the top spot last year.

Top Ten Employers in Hydaburg, 2007
Non-Agricultural Employment

Employers	Annual Average Employment	Peak Monthly Employment
Hydaburg City School District	19	24
Hydaburg Cooperative Assoc. (IRA)	17	20
Southeast Stevedoring	15	33
Southeast Alaska Regional Health Consortium	11	13
Haida Corporation	7	10
City of Hydaburg	4	5
Catholic Community Services Inc.	2	3
Grants Towing Inc.	2	3
US Postal Service	2	2
Rural Alaska Community Action Program	1	1
All Other Employers (2)	1	3
Total Employment	80	117

Source: ADOL, unpublished statewide employer data.

In 2007, Southeast Stevedoring was the top private sector employer in the community, providing one-fifth of the annual average employment. Southeast Stevedoring reported having 60 Hydaburg residents on its payroll in 2007 and 62 in 2008.

Between 2005 and 2007, employment in Hydaburg remained fairly stable at between 70 and 80 annual-average jobs. Employment increased to an average of 87 jobs in 2008, mostly the result of increased local government employment.

Employment in Hydaburg, 2003-2008
Non-Agricultural Employment

Year	Annual Average Employment
2003	73
2004	71
2005	77
2006	80
2007	80
2008	87

Source: ADOL, unpublished data.

Wage and salary employment in Hydaburg generated \$2.9 million in payroll in 2008, up from the 2007 payroll total of \$2.4 million, according to ADOL data.

Commercial Fishing

Earnings for Hydaburg residents from commercial fishing have been increasing in recent years and reached a high of \$1.7 million in 2007. The 2008 total was slightly less, with 23 local fishermen earning just less than \$1.5 million.

Commercial Fishing Activity in Hydaburg, 2000-2008

Year	Fishermen Who Fished	Permits Fished	Pounds Landed	Est. Gross Earnings
2000	21	31	935,000	510,000
2001	21	36	1,317,000	543,000
2002	18	31	936,000	369,000
2003	23	35	894,000	512,000
2004	21	34	1,189,000	643,000
2005	23	37	1,347,000	621,000
2006	22	40	965,000	832,000
2007	20	37	2,988,000	1,681,000
2008	23	40	1,492,000	1,465,000

Source: Commercial Fishing Entry Commission, Permit and Fishing Activity by Community, 2000-2008.

Personal Income

Based on McDowell Group estimates, Hydaburg's personal income totaled approximately \$6 million in 2008. The community has had among the lowest per capita income rates in the state. At the time of the census, per capita income in Hydaburg was \$11,401, about half the Alaska average.

In 2000, Sealaska timber harvests accounted for one-quarter (27 percent) of all personal income in Hydaburg. Southeast Stevedoring was the largest Sealaska-related source of employment, contributing about \$600,000 in personal income to the community that year. In 2008, Sealaska-related employment income to Hydaburg residents from Southeast Stevedoring totaled just less than \$400,000. Including other sources of employment income (several Hydaburg residents work for STC logging contractors) and dividend payments (about \$134,000 in 2008), Sealaska accounted for a total of approximately \$700,000 in personal income for Hydaburg residents in 2008, or about 12 percent of the community total.

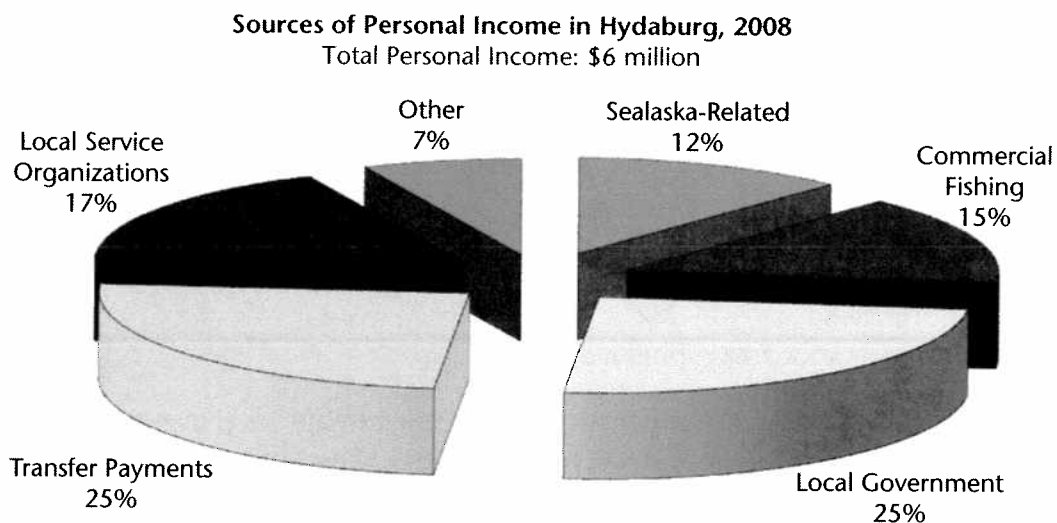
Commercial fishing accounted for an estimated \$900,000 in annual personal income for the 23 Hydaburg resident permit holders who fished 40 different permits in 2008.

Local government, including the school district, accounted for an estimated \$1.5 million in personal income in Hydaburg in 2008, 25 percent of the community total.

Local service organizations, including Southeast Alaska Regional Health Consortium (SEARHC), the Rural Alaska Community Action Program, and the Hydaburg Cooperative Association IRA, accounted for an additional \$1 million in personal income.

Transfer payments also accounted for about one-quarter of all personal income for Hydaburg residents in 2008, or about \$1.5 million. Again, transfer payments include all payments from governments to individuals, such as Permanent Fund dividends, Social Security payments, welfare payments, and other government transfers.

The "other" category of personal income includes all other sources, including Haida Corporation, other local businesses, and US Postal Service positions. The total estimated personal income from this category was roughly \$400,000.



Source: McDowell Group estimates.

Craig, Klawock, and Prince of Wales Island Economy

Though the population of Prince of Wales Island remains well below its peak, the island's population increased slightly in 2008, adding 112 residents, an increase of about 3 percent. Since 2000, the population of POW has declined 13 percent, primarily due to reduced timber harvests. The island's population was 4,581 in 2000, 593 residents more than in 2008. All of the recent growth has been in the Craig/Klawock area. Other communities on the island continue to experience population decline.

POW Island Population, by Community, 2000, 2006-2008

Community	2000	2006	2007	2008	% Change 2000-2008
POW Island	4,581	3,984	3,876	3,988	-13%
Craig	1,725	1,404	1,352	1,414	-18%
Klawock	854	779	741	785	-8%
Thorne Bay	557	480	465	440	-21%
Hydaburg	382	350	352	341	-11%

Source: ADOL 2008 population estimates.

The POW Island economy is a mix of timber industry, commercial fishing, government, and tourism related employment. Local government continues to be a mainstay of the POW economy; the City of Craig and the Craig City School District were among the top three employers in 2007 and 2008. Other key employers include Alaska Commercial Company, the US Forest Service, Viking Lumber, and Southeast Alaska Regional Health Consortium (SEARHC).

Top Ten Employers on Prince of Wales Island, 2007
Non-Agricultural Employment

Employers	Annual Average Employment	Peak Monthly Employment
Craig City School District	83	96
Alaska Commercial Company	82	103
City of Craig	63	70
Southeast Island School District	56	76
US Forest Service (Department of Agriculture)	49	58
Klawock City School District	37	46
Viking Lumber Company, Inc.	36	38
Southeast Alaska Regional Health Consortium	33	36
Alaska Power & Telephone Co.	31	34
City of Klawock	28	31
All Other Employers (142)	691	1,174
Total Employment	1,187	1,762

Source: ADOL, unpublished statewide employer data.

Total employment on POW Island in 2008 averaged 1,280 jobs, 36 jobs fewer than in 2007. Total payroll for 2008 was \$40.5 million, just above the 2007 total of \$40.1 million. Sealaska-related employment on POW Island totaled approximately 210 full and part-time jobs and \$8 million in payroll.

Sealaska accounted for approximately \$6 million in personal income to residents of Prince of Wales Island in 2008. (Some Sealaska-related payroll on POW is earned by workers who are not residents of the island).

