

ALASKA

NORTHERN OPPORTUNITY

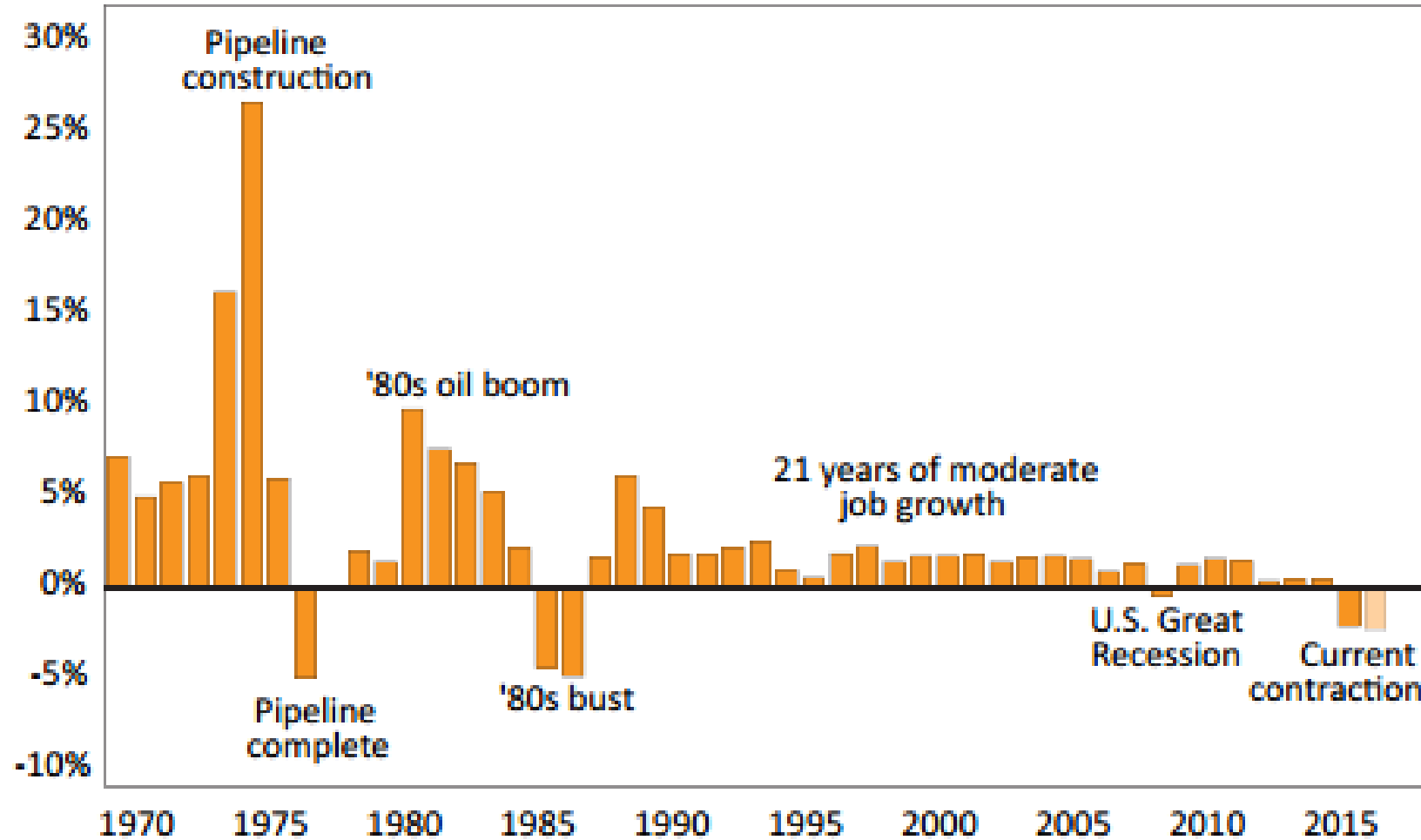
Alaska's Economic Strategy

Strategy Committee Meeting,
January 17th, 2017

Agenda Overview

- Economic update
- Workforce development update with Commissioner Drygas
- Northern Opportunity surveys
- Community and industry forum results (so far)
- Your input: what are we missing?

Employment changes in Alaska



Note: The 2016 numbers are preliminary, and 2017 is forecasted.

Source: Alaska Economic Trends, January 2017, Alaska Department of Labor and Workforce Development

Regional Changes

- Statewide:
 - Estimated **-2.0%** employment change in 2016, projected **-2.3%** in 2017
- Anchorage:
 - **-2.3%** employment change in 2016, and **-2.0%** employment change in 2017
 - Largest losses in Oil and Gas and Construction
- Fairbanks:
 - **-1.9%** employment change in 2016, and **-2.0%** employment change in 2017
 - Job losses will be offset by new Military construction for F-35's
- Southeast:
 - **-1.4%** employment change in 2016, and **-1.7%** employment change in 2017
 - Largest losses in State government and financial activities

Most sectors are shedding jobs

Industry sector	2015-2016 % Change	2016-2017 % Change
Education and Health Services	1.9%↑	1.0%↑
Information	0.0%	-3.2%↓
Financial Activities	0.0%	-2.5%↓
Leisure and Hospitality	0.0%	-2.3%↓
Trade, Transportation, and Utilities (includes Retail)	-0.9%↓	-2.6%↓
Other Services	-0.9%↓	-3.4%↓
Government	-1.0%↓	-2.0%↓
Manufacturing (includes Seafood Processing)	-2.1%↓	1.4%↓
Professional and Business Services	-5.3%↓	-1.8%↓
Construction	-8.5%↓	-7.4%↓
Mining and Logging (includes oil and gas)	-16.1%↓	-10.3%↓

*From January 2017 *Trends* by Department of Labor and Workforce Development

Longer range perspective

Industry Sector	2006-2015 % Change	2014-2024 % Change
Mining and Logging (includes oil and gas)	47% ↑	-5% ↓
Educational and Health Services	26% ↑	11% ↑
Professional and Business Services	16% ↑	7% ↑
Leisure and Hospitality	11% ↑	11% ↑
Manufacturing (includes Seafood Processing)	7% ↑	-2% ↓
Other Services	4% ↑	9% ↑
Trade, Transportation, Utilities (includes Retail)	4% ↑	8% ↑
Government	1% ↑	2% ↑
Financial Activities	-3% ↓	-1% ↓
Construction	-6% ↓	2% ↑
Information	-10% ↓	2% ↑

*Mining by itself is expected to grow 5.5%

Workforce Development Update

Commissioner Heidi Drygas, Alaska Department of Labor and Workforce Development



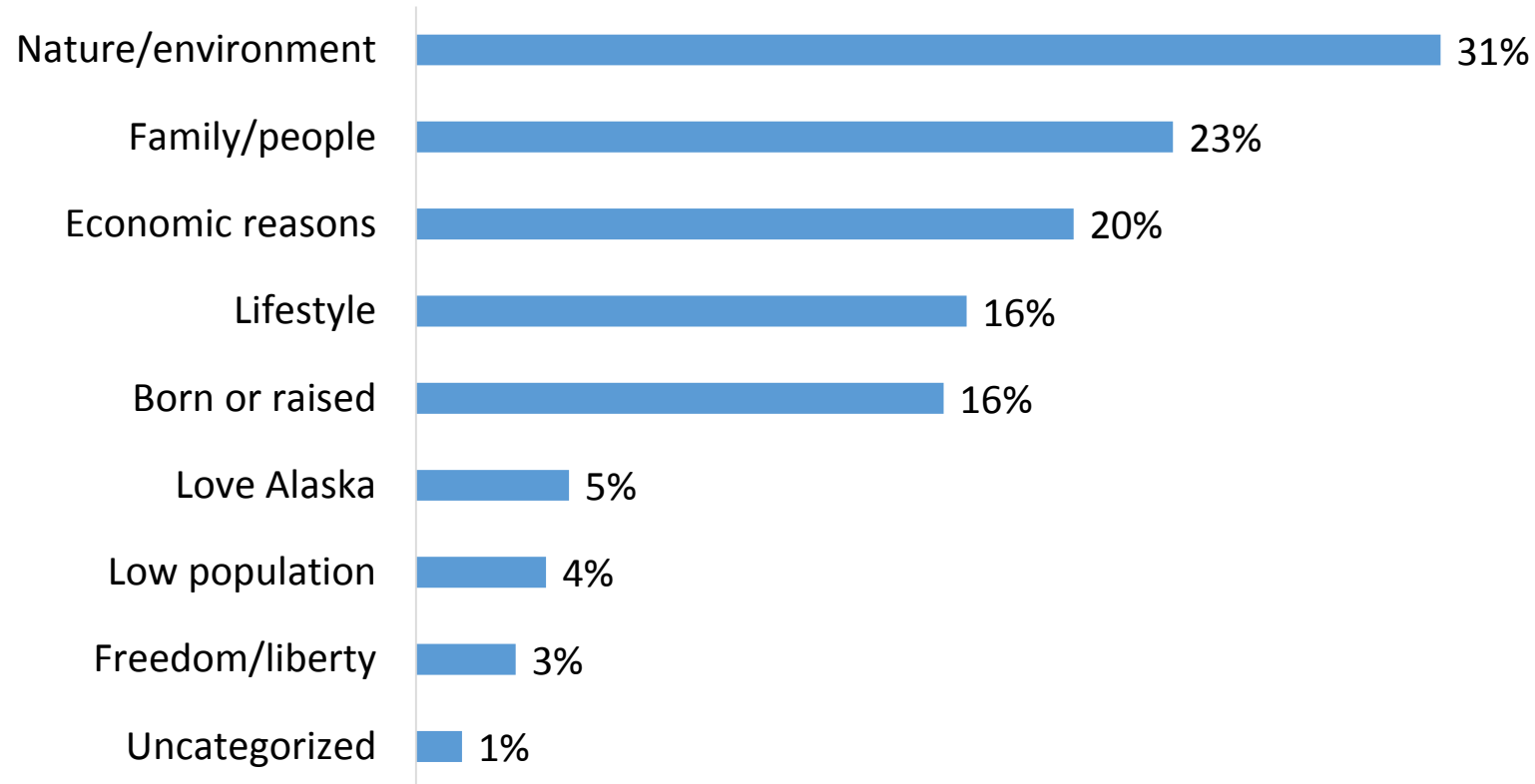
- The Department of Labor and Workforce Development is developing an Alaska Apprenticeship Plan.
- That plan will address apprenticeship's role in economic development.
- The Labor Department will circulate a draft in the near future, and looks forward to incorporating DCCED/CEDs input.
- In addition, the Labor Department will review the CEDs plan for potential elements that should be included in the Apprenticeship Plan.

Northern Opportunity Public Survey

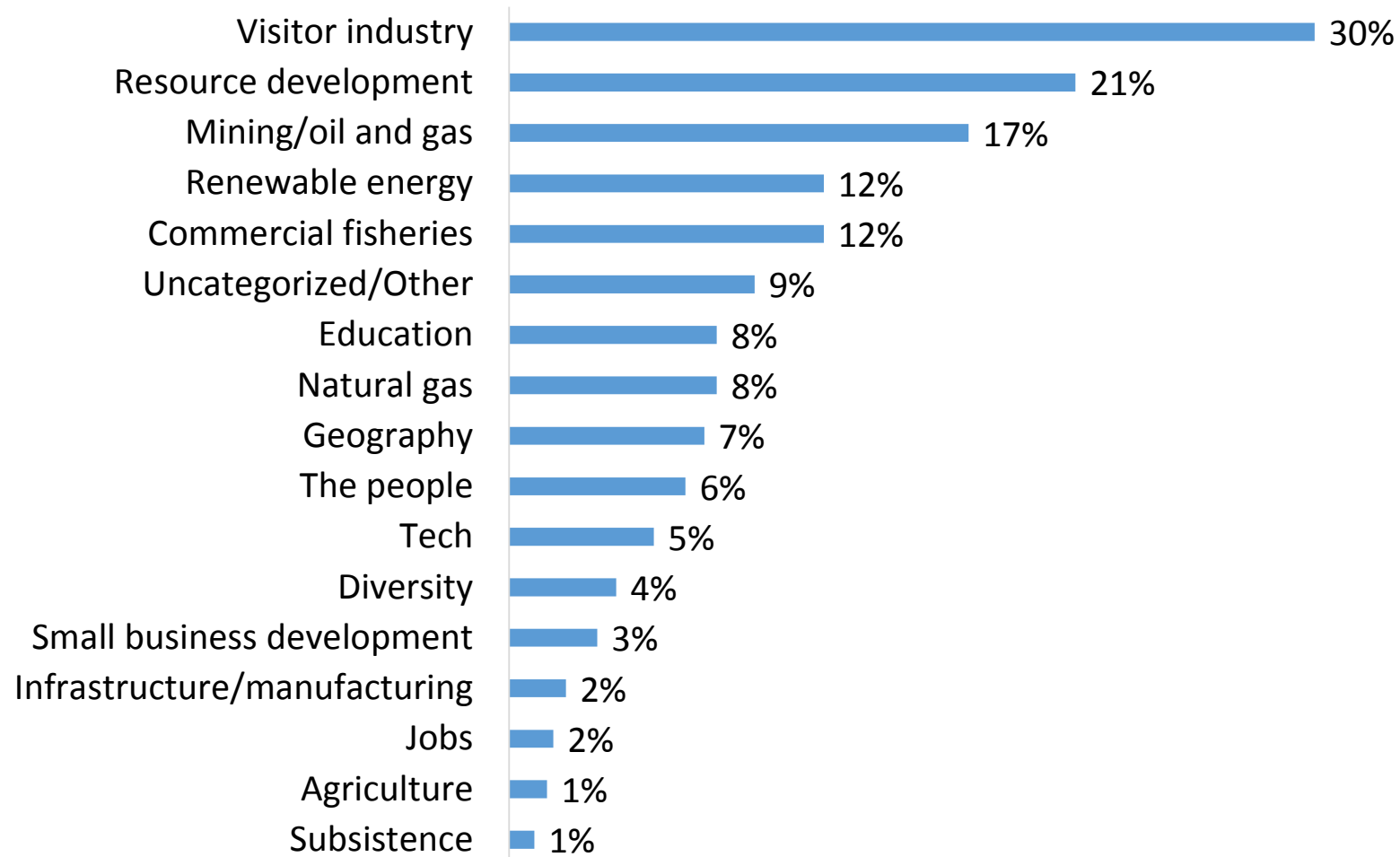
The screenshot shows a web browser window displaying a SurveyMonkey survey. The browser's address bar shows the URL: <https://www.surveymonkey.com/r/FFC6CXG>. The survey header features the 'ALASKA' logo in blue and yellow, with 'NORTHERN OPPORTUNITY' in smaller blue text below it. The main heading is 'Alaska's Economic Strategy'. The introductory text reads: 'Northern Opportunity: Alaska's Economic Strategy is engaging with Alaskans and leveraging the commitment of the private sector to establish a blueprint for statewide collaboration that will maximize our unique advantages, helping Alaska to compete in the national and global market.' The first question is '1. What are your top three reasons for living in Alaska?'. It includes three input fields labeled 'Reason #1', 'Reason #2', and 'Reason #3'. The second question is '2. What would make Alaska a better place to live?', followed by a single large text input field.

- Received 459 responses as of 1/13/2017
- Ran from September to January
- Representative of all regions of the state

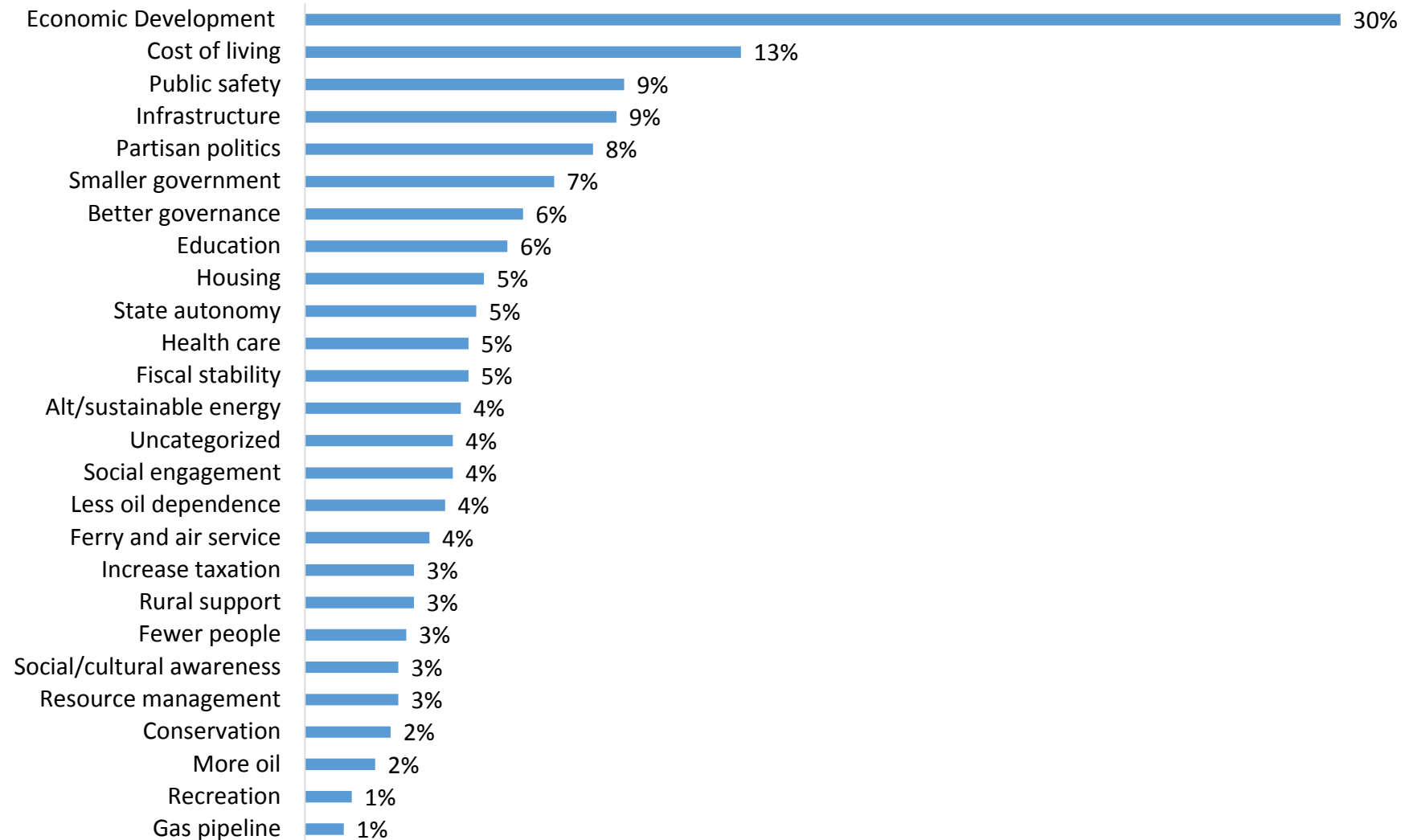
Top Reason for Living in Alaska



What are our biggest opportunities?



What would make Alaska a better place to live?



Business Environment Survey

- Gauge perception of conditions of economy, industry, and business climate
- Barriers to business growth or success
- Policies or initiatives that would encourage growth (assists with goal formation)

Asks about the influence of...

- Regulations
- Workforce
- Taxation
- State budget deficit
- Availability of credit or finance
- Transportation infrastructure
- Technology infrastructure (i.e. broadband internet)
- Housing availability
- Real estate availability
- Access to outdoor recreation
- Access to arts and entertainment
- Public safety
- Cost of freight
- Cost of health care
- Cost of energy
- Other

What we've heard: Potential Goal Areas

- Finance and Investment
- Business Development
- Innovation and Entrepreneurship
- Enterprise Infrastructure
- Workforce Development

Finance and Investment

Risk
Small business

Investors on the
sideline waiting for
opportunity

Earned capital - \emptyset
Entitlement

- Expand use of microfinance and crowdfunding
- Evaluate expanded role of state financing entities
- Promote Alaska to outside investors (domestic and international)
- Diversify sources of capital
- Utilize consistent methodology for vetting investments (AIDEA example)
- Conduct assessment of capital needs in Alaska

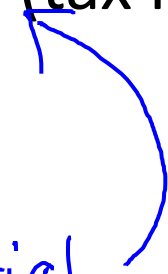
Business Development

Challenges/Barriers to
Being public traded Companies
Benefits as well

- Initiate business retention and expansion (BR&E) to support health of existing businesses
- Explore incentives for economic development (tax increment financing, tax abatement, credits, etc.)
- Rural business development

Confidence of existing and new potential

Export Support



Innovation and Entrepreneurship

Why not?

- Develop “intellectual infrastructure”
- Support innovative research within University of Alaska
- Encourage innovation in renewable energy, energy-related technology
- Monetize Alaska-specific expertise in remote geographies and cold climates
- Position Alaska for disruptive technologies

+ Fundamental

Manufacturing
High value
import subs.

Fed assets
DOE, NIST

Enterprise Infrastructure

ANCs - Engagement

- Expand access to natural resources for development
- Explore or encourage development of ~~Arctic~~ ports + intermodal hubs
- Expand use of public-private partnerships * Broadband task force
- Promote continued development of broadband throughout Alaska
- Implement key provisions from the Alaska Broadband Task Force Report

Railbelt
Falling
Further
behind

new tech is
outpacing the
Plan

Funding Gap

Workforce Development

- Build and strengthen partnerships between economic development organizations, workforce organizations, and private sector
- Support industry/sector strategies for workforce development

Not a leading element - A Supporting one