

2022

ANNUAL BUSINESS CONFIDENCE INDEX REPORT



AEDC
Anchorage Economic
Development Corporation

PREPARED BY



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Summary of Key Findings

Anchorage Economic Development Corporation (AEDC) contracted with McKinley Research Group (formerly McDowell Group), an Alaska research firm, to conduct the 14th annual AEDC Business Confidence Index (BCI) Survey. The purpose of this survey is to assess business conditions in the Anchorage area and measure Anchorage business confidence entering 2022. The survey was fielded in late fall 2021. Online responses from 115 businesses and organizations in Anchorage, Chugiak, Eagle River, and Girdwood were analyzed and modeled to produce business confidence indices. Key findings are highlighted below.

BUSINESS CONFIDENCE INDICES

With a maximum score of 100, an index above 50 indicates a generally optimistic outlook while below 50 indicates a generally pessimistic view.

Indices improved in all five categories, contributing to an increase in the overall “composite” index of 12.1 points, from 48.5 to 60.6. The latest composite score is the second-highest in the last decade of conducting this survey, surpassed only slightly by the 2013 score of 60.7. By category, the largest increase was for Capital Expenditures, which increased by 14.3 points; the smallest increase was for Employment, which increased by 10.0 points.

Comparing all indices to last year’s results, expectations for 2022 are:

Higher for the overall composite Business Confidence Index, ↑ 12.1 points to 60.6.

Higher for the Anchorage Economy Index, ↑ 11.7 points to 55.1.

Higher for Gross Sales Index, ↑ 12.8 points to 65.5.

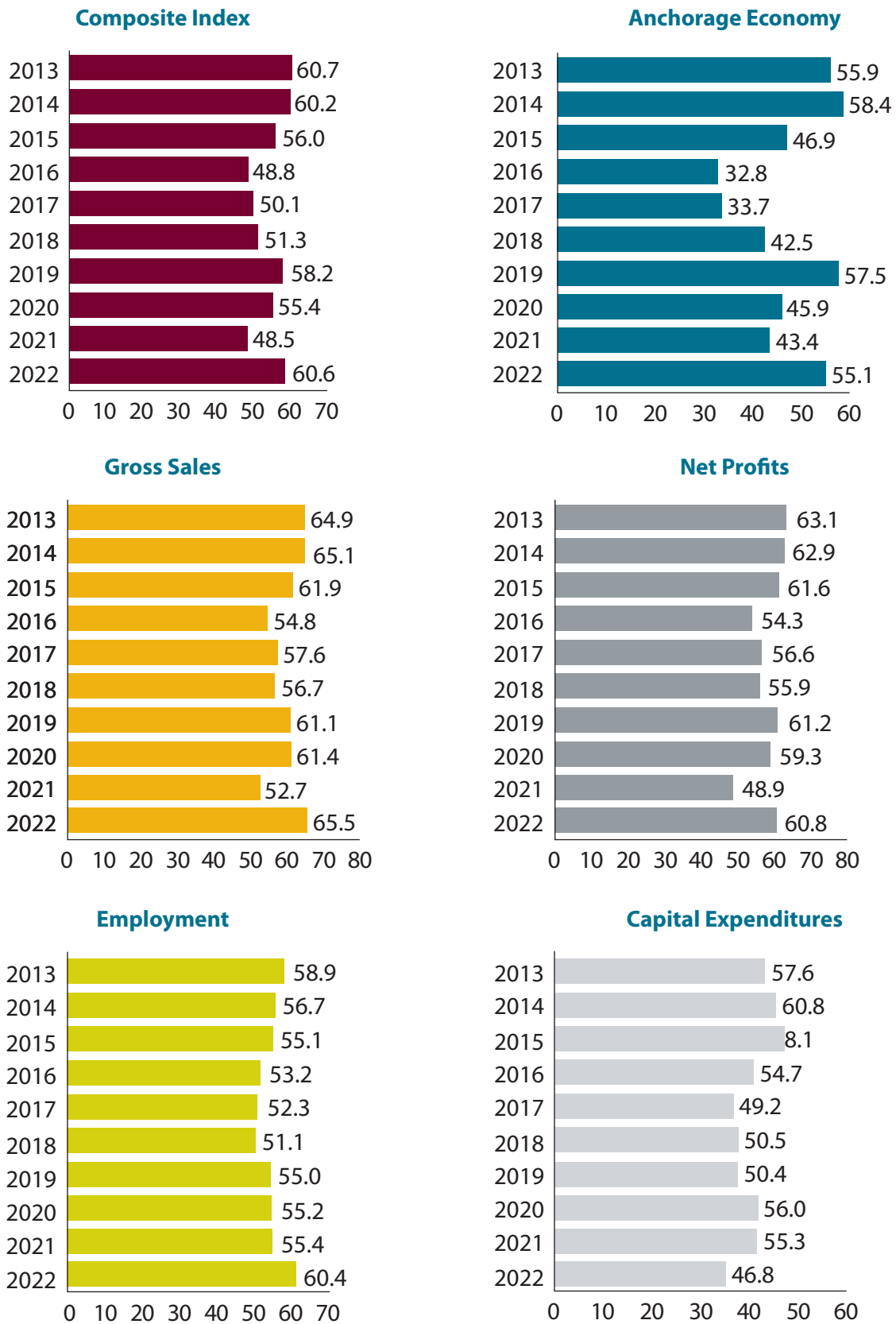
Higher for Net Profits Index, ↑ 11.9 points to 60.8.

Higher for Employment Index, ↑ 10.0 points to 60.4.

Higher for Capital Expenditures Index, ↑ 14.3 points to 61.1.

The charts on the following page compare the indices for each annual AEDC BCI survey conducted in the last 10 years.

Figure 1. Anchorage Business Confidence Indices, 2013-2022
(0 - Very Pessimistic, 50 - Neither Pessimistic Nor Optimistic, 100 - Very Optimistic)

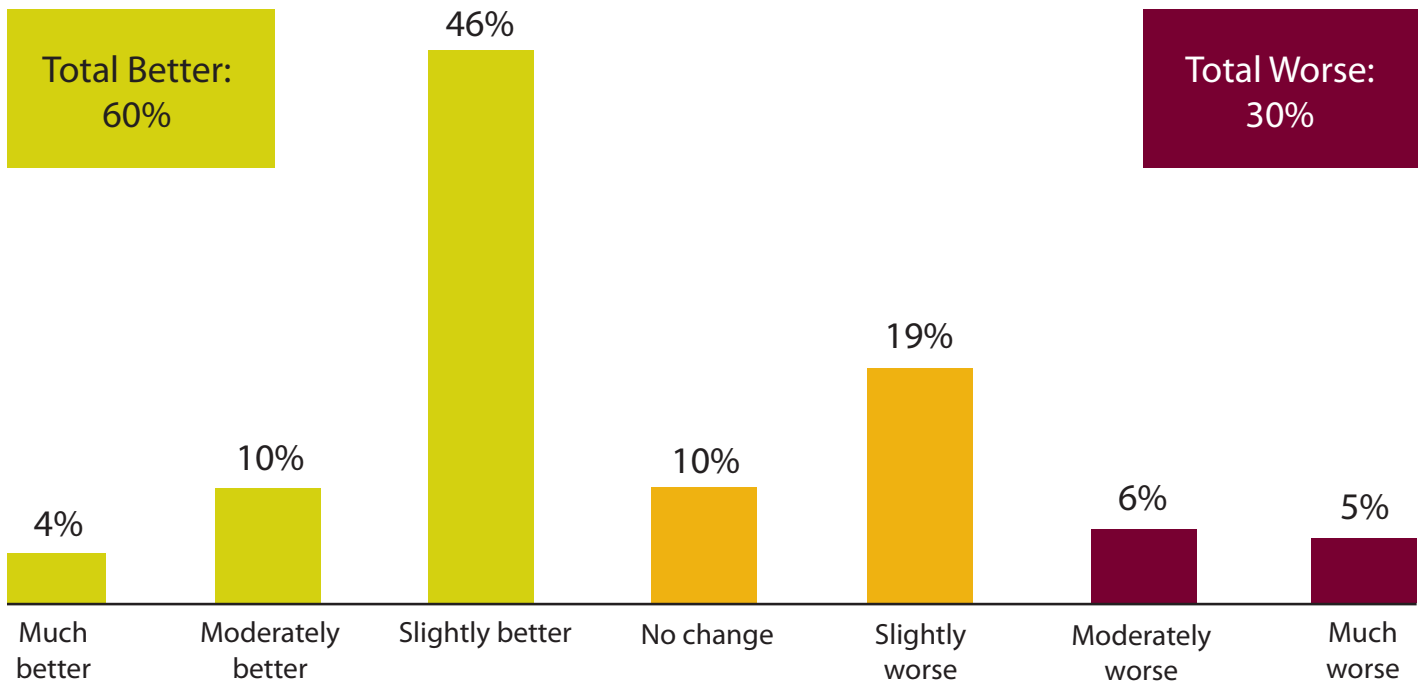


ANCHORAGE ECONOMY

When asked how the Anchorage economy will fare in 2022 compared to 2021, businesses were twice as likely to be optimistic than pessimistic: 60% said it would do better, while 30% said it would do worse. The most common response was “slightly better” at 46%.

The outlook has greatly improved since the previous survey, when only 40% said the economy would improve, and 52% said it would do worse.

Figure 2. How do you think the Municipality of Anchorage economy will fare in 2022, compared to 2021?



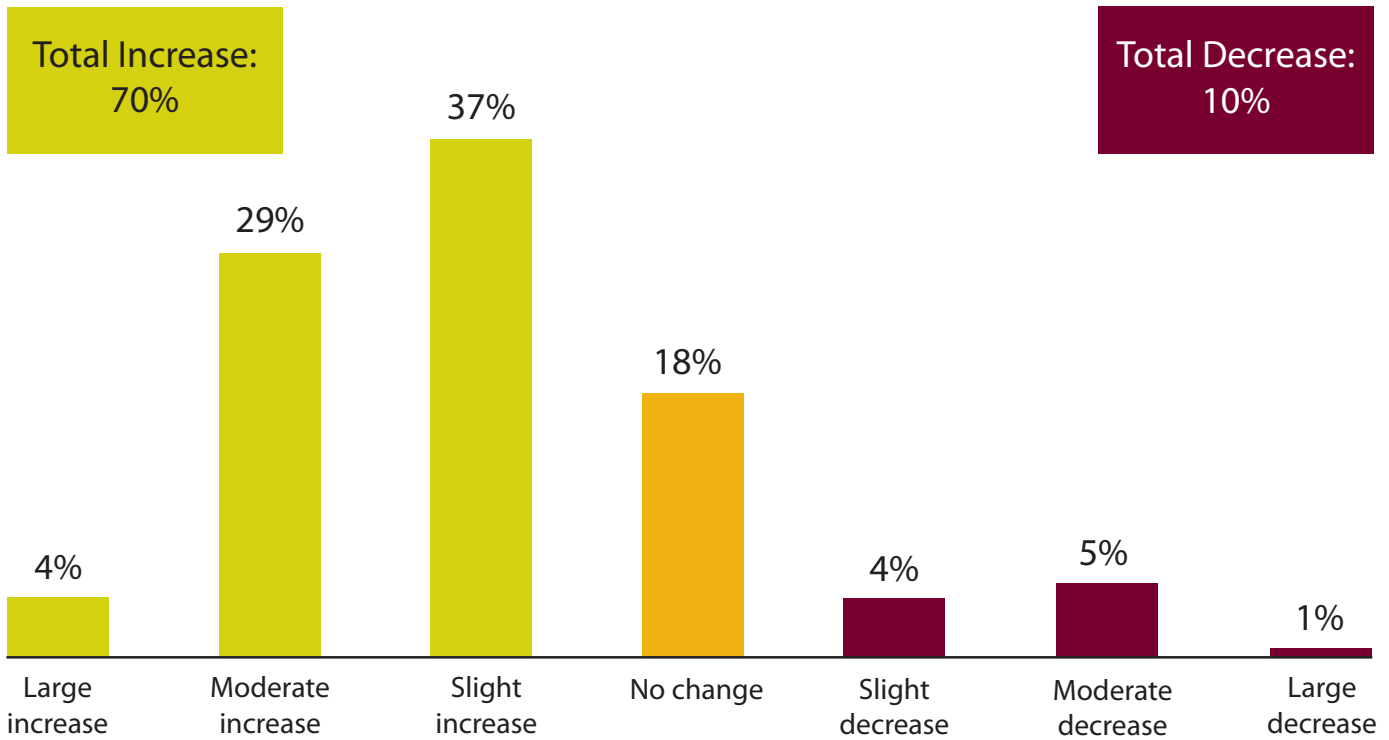
Note: Excludes “Not Applicable” responses.

GROSS SALES AND NET PROFITS

Seven out of ten businesses (70%) expect their gross sales or operating budget to increase in 2022; only 10% said it would decrease. Expectations have risen considerably since last year, when 51% expected an increase, and 34% expected a decrease.

Net profit expectations (not shown) were also optimistic (if not quite as rosy as for gross sales/budget), with 59% anticipating an increase in net profits in 2022 and 15% expecting a decrease.

Figure 3. Expectations for Gross Sales/Annual Operating Budget in 2022

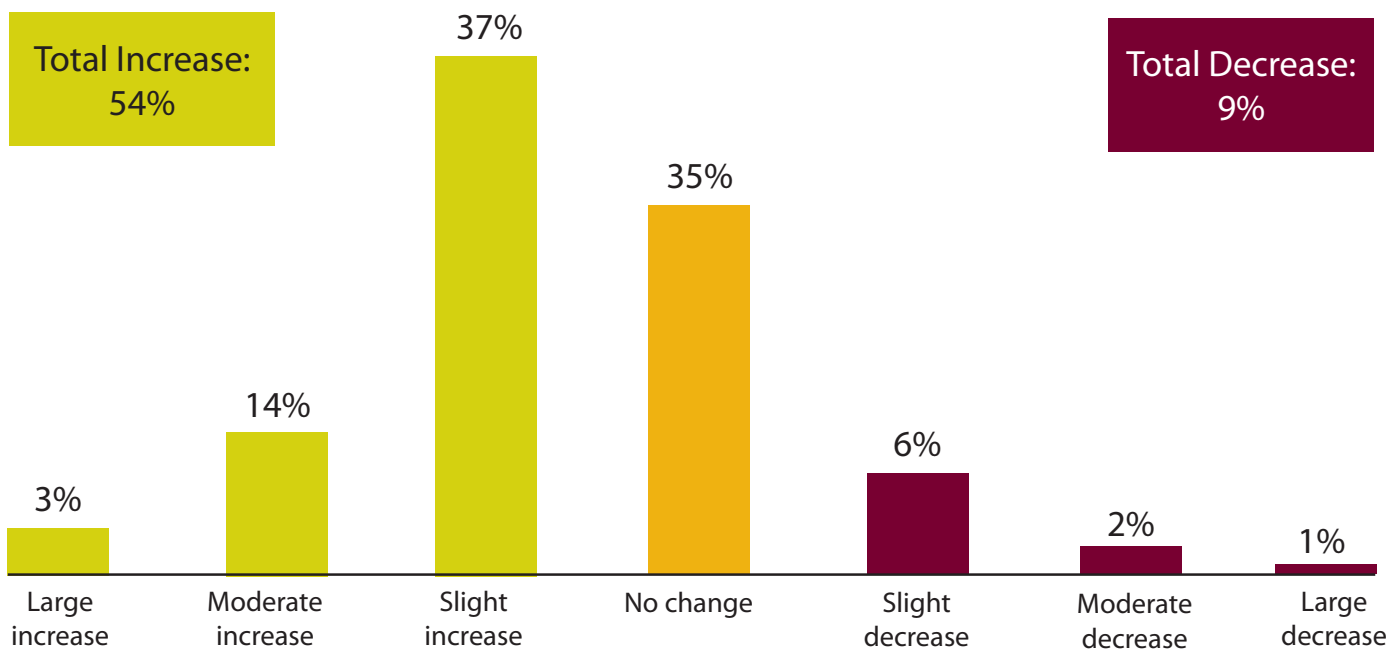


Note: Excludes "Not Applicable" responses.

EMPLOYMENT

Over 40% of responding businesses (42%) expect no change in their 2021 employment. The remainder are more likely to expect an increase (34%) than to expect a decrease (23%). Businesses became more likely to expect a decrease in the 2021 survey (23%) compared to 2020 (15%).

Figure 4. Expectations for Employment in 2022



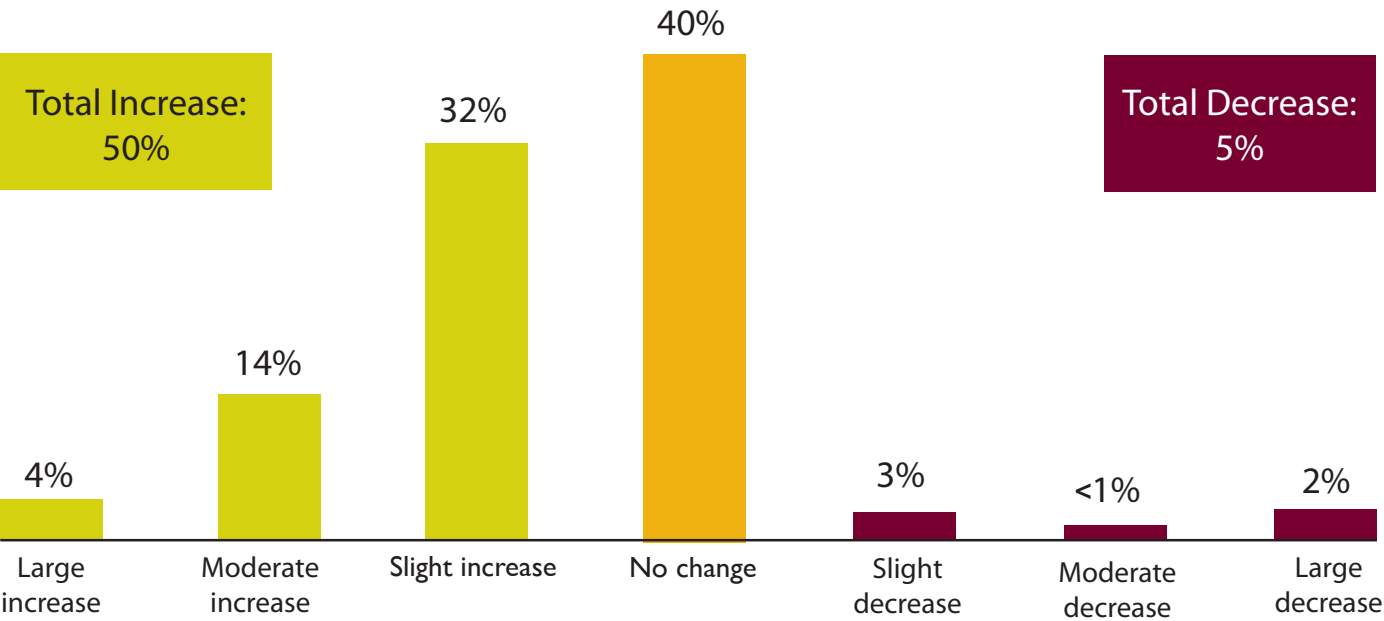
Note: Excludes "Not Applicable" responses.

CAPITAL EXPENDITURES

Businesses were far more likely to expect an increase in capital expenditures (50%) than to expect a decrease (5%); another 40% expected no change.

Those expecting an increase grew from 31% in the previous survey to 50%, while those expecting a decrease fell from 32% to 5%.

Figure 5. Expectations for Capital Expenditures in 2022



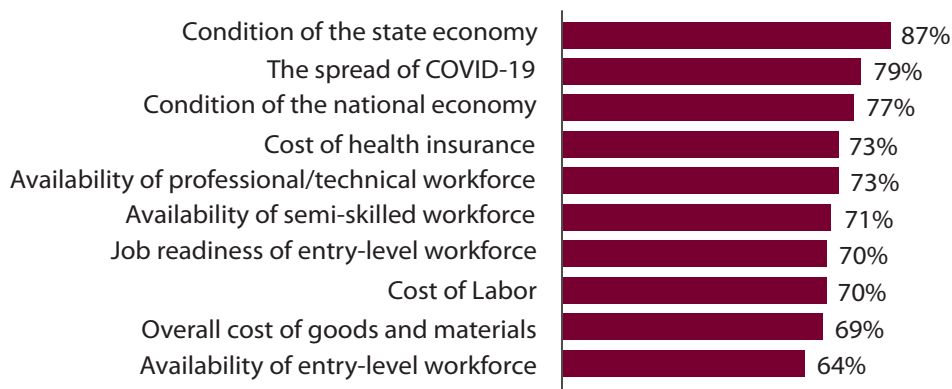
Note: Excludes "Not Applicable" responses.

BARRIERS TO BUSINESS GROWTH

When asked to rate the significance of various barriers to their business' growth, the most significant barrier is the condition of the state economy, with 87% calling it either a significant or moderate barrier, followed by the spread of COVID-19 (79%), the condition of the national economy (77%), the cost of health insurance (73%), and the availability of professional/technical workforce (73%).

These top five barriers were also the top five (and in the same order) in the 2020 survey. However, some issues were seen as much larger barriers this year, including availability of professional/technical workforce (from 58% in 2020 to 73% in 2021), cost of goods and materials (from 45% to 69%), availability of semi-skilled workforce (from 49% to 71%), and job readiness (from 49% to 70%).

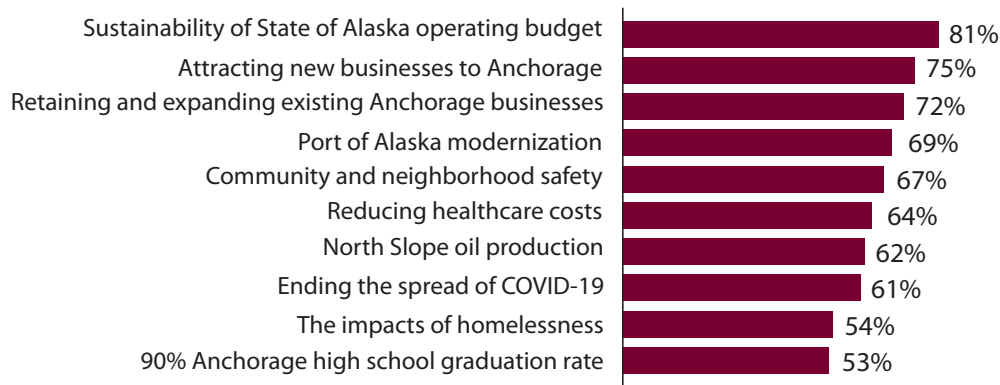
Figure 6. Top 10 Barriers to Business Growth (Significant and Moderate Barriers Combined)



IMPORTANT ISSUES AFFECTING ANCHORAGE'S ECONOMY

When asked to rate the importance of various issues to the Anchorage economy, the sustainability of the State of Alaska operating budget was seen as most important (81% very important) followed by attracting new businesses to Anchorage (75%) and retaining and expanding existing Anchorage businesses (72%). Responses were generally similar between 2020 and 2021, with one exception: very important ratings for ending the spread of COVID-19 decreased from 79% to 61%.

Figure 7. Top 10 Issues for Anchorage Economy (% rating "very important")



BUSINESS SUPPORT FOR ANCHORAGE SALES TAX

Just over half of businesses (53%) agreed that the Municipality of Anchorage should establish a dedicated sales tax to support economic development projects to revitalize the Anchorage economy, while 47% disagreed. Agreement fell only slightly from 2020, when 57% agreed, and 43% disagreed.

Figure 8. Anchorage Sales Tax: Agree/Disagree

The Municipality of Anchorage should establish a dedicated sales tax to support economic development projects to revitalize our economy.

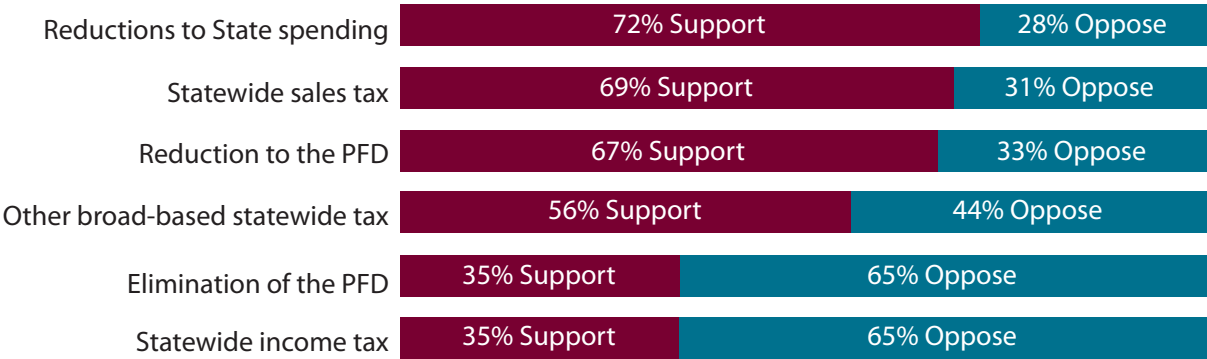


STATE’S LONG-TERM FISCAL STABILITY

When businesses were asked about support or opposition to six potential methods of addressing the State of Alaska’s budget gap, the most popular was “Reduction to State spending” at 72% supportive followed by “Stateside sales tax” at 69%, and “Reduction to the PFD” at 67%.

Responses shifted in two areas between 2020 and 2021. Support for a PFD reduction fell from 74% to 67%, while support for a statewide income tax fell from 49% to 35%.

Figure 9. Methods to Address State Budget Deficit: Support/Oppose



Introduction and Methodology

Anchorage Economic Development Corporation (AEDC) contracted with McKinley Research Group for the 14th annual Business Confidence Index (BCI) survey of businesses and organizations in the Municipality of Anchorage. The purpose of the survey is to identify various factors that affect Anchorage businesses and the overall economy to assess business confidence.

The online survey was conducted in fall 2021. Respondents were asked a series of questions regarding their organization's expectations for 2022, perceived barriers to growth, importance of various projects and issues to the Anchorage economy, and their opinion of the overall economies in Anchorage and Alaska. Most of the questions were unchanged from prior surveys, allowing most results to be benchmarked.

This year, a total of 115 businesses and organizations completed the survey, a much lower response than in 2020, when there were 210 responses. This is a relatively small sample size but is still reasonably representative of the Anchorage business community and reflects previous surveys in terms of industry representation and size of businesses. The smaller sample size in 2021 should be taken into consideration when interpreting the results.

A business confidence index model is designed to gauge expectations about the overall Anchorage economy, gross sales, net profits, employment, and capital expenditures. The index, with a possible maximum of 100, indicates a positive outlook above 50 and a negative outlook below 50.

Expectations for Business in 2022

GROSS SALES/ANNUAL OPERATING BUDGET

- Seven out of ten businesses (70%) expect their organization to increase their gross sales/operating budget in 2022, while 10% expect a decrease, and 18% expect no change. The most common response was "small increase" (37%) followed by "moderate increase" (29%).
- Those expecting an increase grew from 51% in 2020 to 70% in 2021, while those expecting a decrease fell from 34% to 10%.
- The 2021 rate of those expecting an increase (70%) was the highest it has been since 2012 and 2013, when 73% expected increases.

Table 1. In terms of gross sales/annual operating budget, how do you expect your organization to perform in 2022 compared to 2021? (2012-2021 results) (%)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Increase (net)	70	51	67	62	53	54	49	65	73	73
Large increase	4	2	5	4	4	5	4	5	4	3
Moderate increase	29	22	22	26	22	27	19	26	27	33
Small increase	37	27	40	32	27	22	26	34	42	37
Decrease (net)	10	34	20	21	27	28	31	18	13	13
Small decrease	4	13	12	11	16	14	17	10	9	6
Moderate decrease	5	14	6	8	8	10	11	5	3	4
Large decrease	1	7	2	2	3	4	3	3	1	3
No change	18	15	13	18	20	17	18	17	14	15

Note: Due to omission of "Not Applicable" responses, some columns may not add up to 100 percent.

NET PROFITS

- Over half of businesses (59%) expect their net profits to increase in 2022, while 15% expect a decrease. The most common response was “small increase” (36%).
- Those expecting an increase grew from 46% in 2020 to 59% in 2021, while those expecting a decrease fell from 37% to 15%.

Table 2. In terms of net profits, how do you expect your organization to perform in 2022 compared to 2021? (2012-2021 results) (%)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Increase (net)	59	46	60	64	51	53	49	63	68	68
Large increase	3	2	4	4	3	5	2	4	3	2
Moderate increase	21	17	21	23	20	25	19	27	24	23
Small increase	36	27	35	37	28	23	28	32	41	43
Decrease (net)	15	37	23	20	27	29	28	20	16	12
Small decrease	8	12	12	13	15	15	15	12	11	7
Moderate decrease	5	16	8	5	9	9	9	6	4	5
Large decrease	2	9	3	2	3	5	4	2	1	0
No change	22	18	17	15	22	18	23	18	15	20

EMPLOYMENT

- Over half of businesses (54%) expect their employment to increase in 2022, while one-third (35%) expect no change, and 9% expect a decrease.
- Those expecting an increase grew from 34% in 2020 to 54% in 2021, while those expecting a decrease fell from 23% to 9%.

Table 3. In terms of employment, how do you expect your organization to perform in 2022 compared to 2021? (2012-2021 results) (%)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Increase (net)	54	34	39	36	26	30	36	41	45	52
Large increase	3	2	2	1	1	1	2	2	1	2
Moderate increase	14	6	9	9	6	11	10	11	11	11
Small increase	37	26	28	26	19	18	24	28	33	39
Decrease (net)	9	23	15	14	20	21	21	17	13	8
Small decrease	6	10	9	11	14	14	12	11	8	6
Moderate decrease	2	8	5	3	4	5	7	3	4	2
Large decrease	1	5	1	0	2	2	2	3	1	<1
No change	35	42	46	50	53	48	43	44	41	39

CAPITAL EXPENDITURES

- One-half of businesses (50%) expect their capital expenditures to increase in 2022, while 40% expect no change, and 5% expect a decrease.
- Those expecting an increase grew from 31% in 2020 to 50% in 2021, while those expecting a decrease fell from 32% to 5%.

Table 4. In terms of capital expenditures, how do you expect your organization to perform in 2022 compared to 2021? (2012-2021 results) (%)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Increase (net)	50	31	40	45	36	33	34	42	50	52
Large increase	4	1	2	4	2	3	3	5	7	7
Moderate increase	14	11	14	14	9	11	9	14	14	18
Small increase	32	19	24	27	25	19	22	23	29	27
Decrease (net)	5	32	15	17	25	29	32	19	16	13
Small decrease	3	11	6	9	11	14	17	7	8	7
Moderate decrease	<1	11	6	3	5	10	8	6	3	4
Large decrease	2	10	3	5	9	5	7	6	5	2
No change	40	37	45	38	39	37	34	38	35	35

COMPARISONS TO 2019

A new question in 2021 asked respondents to compare their expectations for 2022 to pre-pandemic levels.

- Respondents were most optimistic about gross sales/budget: 52% expected 2022 to surpass 2019, while 23% expected to reach 2019 levels. Businesses were only slightly less optimistic about net profits, with 48% expecting to surpass 2019.
- This compares with 34% who expected employment to surpass 2019, and 33% who expected capital expenditures to surpass 2019.

Table 5. Thinking back to before the pandemic—for each of the following measures, how do you expect your organization to perform in 2022 compared to 2019? (%)

	Above 2019	About the Same as 2019	Below 2019
Gross sales/annual operating budget	52	23	25
Net profits	48	29	23
Employment	34	46	20
Capital expenditures	33	51	16

Barriers to Business Growth

Respondents were asked to rate a list of potential barriers to their business's growth as either significant, moderate, not a barrier, or not applicable.

- The most significant barriers to growth are condition of the state economy (87% significant or moderate barrier), spread of COVID-19 (79%), and condition of the national economy (77%).
- The least significant barriers were access to COVID-19 aid (21%), state taxes (23%), access to capital (33%), and availability of products for resale (33%).
- Decreases in "significant barrier" responses between 2020 and 2021 included:
 - Condition of the state economy (from 54% in 2020 to 40% in 2021)
 - The spread of COVID-19 (from 49% to 21%)
 - Access to COVID-19 aid including grant or loan funds (from 14% to 2%)
- Increases in "significant barrier" responses between 2020 and 2021 included:
 - Cost of health insurance (from 28% to 40%)
 - Availability of a professional/technical workforce (from 20% to 37%)
 - Availability of a semi-skilled workforce (from 17% to 35%)
 - Job readiness of entry-level workforce (from 11% to 31%)
 - Cost of goods and materials (from 11% to 23%)
 - Transportation linkages with suppliers and markets (from 9% to 19%)

Table 6. To what extent are the following factors a barrier to your organization's growth? (%)

	Significant barrier	Moderate barrier	Significant/Moderate Combined	Not a barrier	Not applicable
Condition of the state economy	40	47	87	11	2
The spread of COVID-19	21	58	79	17	4
Condition of the national economy	16	61	77	22	2
Cost of health insurance	40	33	73	19	8
Availability of professional/technical workforce	37	36	73	23	4
Availability of semi-skilled workforce	35	36	71	23	6
Cost of labor	23	47	70	25	5
Job readiness of entry-level workforce	31	39	70	21	9
Overall cost of goods and materials	23	46	69	18	13
Availability of entry-level workforce	29	35	64	26	10
Energy prices	14	45	59	38	3
Cost of building materials/supplies	22	36	58	22	20
Transportation linkages with suppliers and markets	19	38	57	30	13
Federal regulations	15	39	54	39	7
Public safety in Anchorage	13	40	53	40	7
Availability of building materials/supplies	20	31	51	29	20
Municipality of Anchorage regulations	15	36	51	42	7
Affordability/availability of childcare services	9	34	43	42	15
Cost of commercial lease/rental property	11	32	43	51	6
Availability and affordability of quality housing	16	25	42	49	10
Municipality of Anchorage taxes	8	33	41	52	7
State regulations	8	32	40	54	6
Federal taxes	8	31	39	52	9
Cost of products for resale	12	23	35	36	29
Availability of products for resale	10	23	33	37	30
Access to capital	9	23	33	63	5
State taxes	3	20	23	63	14
Access to COVID-19 aid including grant or loan funds	2	19	21	69	10

Note: Rows may not add to 100% due to rounding.

**Table 7. To what extent are the following factors a barrier to your organization's growth?
("Significant barriers" only) (2012-2021 results) (%)**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Condition of the state economy	40	54	54	51	56	53	51	33	27	*
Cost of health insurance	40	28	38	44	38	38	31	31	36	29
Availability of professional/technical workforce	37	20	24	25	15	15	16	26	24	19
Availability of semi-skilled workforce	35	17	20	15	13	8	13	13	18	6
Job readiness of entry-level workforce	31	11	13	15	13	13	13	14	16	9
Overall cost of goods and materials	23	11	9	13	*	*	*	*	*	*
Cost of labor	23	14	15	14	12	13	11	15	11	*
Cost of building materials/supplies	22	*	*	*	*	*	*	*	*	*
The spread of COVID-19	21	49	*	*	*	*	*	*	*	*
Availability of building materials/supplies	20	*	*	*	*	*	*	*	*	*
Transportation linkages with suppliers and markets	19	9	6	7	8	7	7	9	8	6
Availability and affordability of quality housing	16	8	10	13	10	9	14	*	*	*
Condition of the national economy	16	20	8	8	7	16	12	16	28	*
Federal regulations	15	15	15	12	20	22	24	25	36	28
Municipality of Anchorage regulations	15	22	12	17	11	10	14	12	10	7
Energy prices	14	12	11	16	18	20	21	15	9	15
Public safety in Anchorage	13	14	13	17	19	9	6	5	*	*
Cost of products for resale	12	*	*	*	*	*	*	*	*	*
Cost of commercial lease/rental property	11	11	10	12	11	7	9	10	9	7
Availability of products for resale	10	*	*	*	*	*	*	*	*	*
Access to capital	9	9	7	13	12	13	11	8	10	10
Federal taxes	8	7	7	8	12	10	13	15	13	7
Municipality of Anchorage taxes	8	12	8	10	10	6	7	6	6	4
State regulations	8	14	13	12	16	13	12	12	18	13
State taxes	3	7	4	6	10	6	6	5	7	7
Access to COVID-19 aid including grant or loan funds	2	14	*	*	*	*	*	*	*	*

* Not included in the survey that year.

- When asked if their business was likely to close permanently due to the COVID-19 pandemic, nearly all respondents (94%) said they were unlikely or very unlikely to close. Responses were similar to last year, although slightly fewer businesses said they were likely to close (from 7% to 3%).

Table 8. Is your business or organization very likely, likely, unlikely, or very unlikely to close permanently because of Covid-19 impacts? (%)

	2021	2020
Likely (net)	3	7
Very likely	3	3
Likely	<1	4
Unlikely (net)	94	90
Unlikely	16	23
Very unlikely	78	68
Don't know	3	3

A new question asked about recruiting and hiring employees in 2021 compared to 2019.

- Two-thirds of businesses (64%) said recruiting and hiring was more challenging in 2021, including 41% who said it was much more challenging. Only 10% said it was easier, while 15% said it was about the same.

Table 9. Compared to 2019, before the pandemic, was recruiting and hiring employees in 2021... (%)

	% of Total
More challenging (net)	64
Much more challenging	41
Somewhat more challenging	23
Easier (net)	10
Somewhat easier	7
Much easier	3
About the same as pre-pandemic	15

Capital Improvement Plans

- Nearly one third of businesses (31%) said they are planning significant capital improvements in the next two years. Among these respondents, 78% said the improvements would create jobs.
- Two-thirds of businesses (69%) are not planning capital improvements; among these respondents, nearly half (44%) said the recent economic climate had affected their plans.
- The percentage of business planning capital improvements increased from 22% in 2020 to 31% in 2021.

Table 10. Are you planning significant capital improvements in the next two years (2022-2023)? (2012-2021 results) (%)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Planning capital improvement	31	22	28	28	25	31	27	31	35	43
Will create jobs	78	62	73	80	69	67	68	78	70	65
Will not create jobs	22	38	27	20	31	33	32	22	30	35
Not planning capital improvement	69	78	72	72	75	69	73	69	65	57
Recent economic climate did not affect plans	56	40	45	50	56	59	60	73	76	88
Recent economic climate affected plans	44	60	55	50	44	41	40	27	24	12

Expectations for the Economy in 2022

ANCHORAGE ECONOMY

- Over half of businesses (60%) expect the Municipality of Anchorage economy to improve in 2022, while 30% expect it to worsen, and 10% expect no change. The most common response was “slightly better” (46%).
- Those expecting an improvement increased from 40% in 2020 to 60% in 2021.

Table 11. How do you think the Municipality of Anchorage economy will fare next year, compared to this year? (2012-2021 results) (%)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Better (net)	60	40	30	58	29	18	10	37	59	51
Much better	4	1	1	2	2	1	0	1	1	1
Moderately better	10	9	8	12	4	3	<1	7	11	14
Slightly better	46	30	21	44	23	14	10	29	47	36
Worse (net)	30	52	48	23	58	70	78	44	18	21
Slightly worse	19	24	35	18	36	40	48	29	17	19
Moderately worse	6	16	9	4	17	23	22	12	1	2
Much worse	5	12	4	1	5	7	8	3	<1	0
No change	10	8	22	19	14	12	12	18	22	28

ALASKA ECONOMY

- Nearly two-thirds of businesses (63%) expect Alaska’s economy to improve in 2022, while 28% expect it to worsen, and 9% expect no change. The most common response was “slightly better” (50%). These responses closely matched those of the previous question.
- Those expecting an improvement increased from 43% in 2020 to 63% in 2021.

Table 12. How do you think the overall Alaska economy will fare next year, compared to this year? (2012-2021 results) (%)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Better (net)	63	43	35	62	32	19	5	35	56	54
Much better	3	3	3	3	2	1	0	2	1	2
Moderately better	10	7	6	16	5	4	<1	8	13	11
Slightly better	50	33	26	43	25	14	5	25	42	41
Worse (net)	28	52	49	24	52	71	88	50	24	17
Slightly worse	21	25	35	17	29	32	40	29	20	13
Moderately worse	3	17	10	6	19	29	36	16	3	4
Much worse	4	10	4	1	4	10	12	5	1	0
No change	9	5	16	15	16	9	7	15	20	29

Importance of Issues for the Economy

Businesses were asked to rate the importance (very, somewhat, or not important) of various projects and issues to the Anchorage economy.

- Issues with the highest “very important” ratings were sustainability of the State of Alaska operating budget (81%), attracting new businesses to Anchorage (75%), retaining and expanding existing Anchorage businesses (72%), Port of Alaska modernization (69%), and community and neighborhood safety (67%).
- Between 2020 and 2021, “very important” ratings changed for several issues. Following are the largest changes.
 - Port of Alaska modernization (↑ 22 points to 69%)
 - Affordable housing (↑ 13 points to 49%)
 - Workforce training (↑ 12 points to 51%)
 - Area road infrastructure (↑ 11 points to 38%)
 - City parks and trails revitalization (↑ 10 points to 25%)
 - Access to COVID-19 aid including grant or loan funds (↓ 26 points to 24%)
 - Ending the spread of COVID-19 (↑ 18 points to 61%)

Table 13. How important do you think the following are for the Municipality of Anchorage economy? (%)

	Very important	Somewhat important	Very/ Somewhat Combined	Not important
Community and neighborhood safety	67	30	97	2
Retaining and expanding existing Anchorage businesses	72	25	97	1
Sustainability of State of Alaska operating budget	81	15	96	1
Workforce training	51	44	95	3
Attracting new businesses to Anchorage	75	19	94	4
Reducing healthcare costs	64	28	94	4
The impacts of homelessness	54	40	94	4
Area road infrastructure	38	54	92	5
Expansion of air cargo industry at Anchorage International Airport	63	29	92	4
North Slope oil production	62	30	92	5
Port of Alaska modernization	69	23	92	4
Downtown revitalization	45	46	91	8
Affordable housing	49	41	90	8
The impacts of drug and alcohol addiction	50	40	90	5
Affordable/available childcare services	43	46	89	4
90% Anchorage high school graduation rate	53	34	87	8
Ending the spread of COVID-19	61	24	85	11
North slope gas development projects	46	38	84	13
Retaining transitioning veterans in the local workforce	20	62	82	10
Creative environments that enhance community livability	35	46	81	15
City parks and trails revitalization	25	54	79	18
Upgrade community water/wastewater utility infrastructure	24	54	78	12
Mining resource development projects	32	40	72	21
Access to COVID-19 aid including grant or loan funds	24	45	69	28
Live. Work. Play. Initiative	24	42	66	22
Ship Creek redevelopment	10	51	61	31

Note: Due to omission of "Don't know" responses, some rows may not add up to 100 percent.

**Table 14. How important do you think the following are for the Municipality of Anchorage economy?
("Very important" responses only) (2012-2021 results) (%)**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Sustainability of State of Alaska operating budget	81	79	84	85	87	86	81	76	73	*
Attracting new businesses to Anchorage	75	68	75	60	68	43	56	*	*	*
Retaining and expanding existing Anchorage businesses	72	68	70	63	65	53	56	*	*	*
Port of Alaska modernization (Prior to 2018: "Port of Anchorage improvements")	69	47	62	56	50	40	35	33	41	43
Community and neighborhood safety	67	60	71	73	74	60	51	47	54	*
Reducing healthcare costs (Prior to 2021: "Cost of healthcare")	64	61	69	68	78	*	*	*	*	*
North Slope oil production (Prior to 2020: "Increased North Slope oil production")	62	71	63	72	76	69	83	80	82	*
Ending the spread of COVID-19	61	79	*	*	*	*	*	*	*	*
The impacts of homelessness	54	55	54	49	*	*	*	*	*	*
90% Anchorage high school graduation rate	53	50	49	44	49	41	31	50	54	*
Workforce training	51	39	41	42	44	31	32	42	46	41
The impacts of drug and alcohol addiction	50	43	59	56	*	*	*	*	*	*
Affordable housing (Prior to 2021: "Workforce affordable housing")	49	36	49	49	44	38	39	56	51	35
Affordable/available childcare services	43	39	43	35	40	32	25	*	*	*
North slope gas development projects (prior to 2019: Natural gas pipeline from North Slope to Cook Inlet)	46	46	46	49	50	39	61	65	67	62
Area road infrastructure	38	27	41	45	38	31	33	43	*	*
Creative environments that enhance community livability	35	31	37	34	35	31	27	33	33	*
Mining resource development projects	32	32	*	*	*	*	*	*	*	*
City parks and trails revitalization	25	15	25	19	24	24	17	25	17	*
Access to COVID-19 aid including grant or loan funds	24	50	*	*	*	*	*	*	*	*

Live. Work. Play. Initiative	24	21	26	23	24	22	20	22	24	*
Upgrade community water/ wastewater utility infrastructure (Prior to 2018: "Upgrade of energy and water/ wastewater utility infrastructure")	24	16	21	19	28	23	23	25	30	33
Retaining transitioning veterans in the local workforce	20	21	22	24	27	21	22	*	*	*
Ship Creek redevelopment	10	13	12	14	14	12	10	12	14	20

* Not included in the survey that year.

After being asked to rank the importance of various Anchorage issues, respondents were asked to select the **single most important** issue.

- Two issues tied for the top responses: North Slope oil production and sustainability of the State of Alaska operating budget (both at 15%). Other top responses included Port of Alaska modernization (12%) and ending the spread of COVID-19 (9%).
- There were several shifts in the most common responses between 2020 and 2021:
 - North Slope oil production (from 10% to 15%)
 - Port of Alaska modernization (from 2% to 12%)
 - Ending the spread of COVID-19 (from 23% to 9%)

Table 15. Which of the following do you think is most important for the Municipality of Anchorage economy? (2012-2021 results) (%)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
North Slope oil production (Prior to 2020: "Increased North Slope oil production")	15	10	11	14	19	19	20	24	28	31
Sustainability of State of Alaska operating budget	15	14	18	16	19	25	23	12	13	*
Port of Alaska modernization (Prior to 2018: "Port of Anchorage improvements")	12	2	5	6	6	4	2	3	3	8
Ending the spread of COVID-19	9	23	*	*	*	*	*	*	*	*
Retaining and expanding existing Anchorage businesses	8	11	11	5	5	8	7	*	*	*
Attracting new businesses to Anchorage	6	11	15	10	9	7	7	*	*	*
Affordable housing (Prior to 2022: "Workforce affordable housing")	5	1	2	5	2	5	4	8	8	8
The impacts of homelessness	5	4	4	4	*	*	*	*	*	*
Downtown revitalization	4	*	*	*	*	*	*	*	*	*
Community and neighborhood safety	3	4	5	8	6	2	3	3	1	*
Expansion of air cargo industry at Anchorage Int'l Airport	3	*	*	*	*	*	*	*	*	*
North slope gas development projects (Prior to 2019: "Natural gas pipeline from North Slope to Cook Inlet")	3	1	4	5	6	5	12	13	16	18
Reducing healthcare costs (Prior to 2021: "Cost of healthcare")										
Workforce training	2	1	3	3	3	2	1	5	5	2
90% Anchorage high school graduation rate	1	1	1	1	2	1	0	2	3	*
Access to COVID-19 aid including grant or loan funds	1	4	*	*	*	*	*	*	*	*
Affordable/available childcare services	1	1	2	0	0	0	<1	*	*	*
Creative environments that enhance community livability	1	1	3	2	1	3	3	2	1	*
Mining resource development projects	1	1	*	*	*	*	*	*	*	*
The impacts of drug and alcohol addiction	1	2	4	4	*	*	*	*	*	*
Upgrade community water/wastewater utility infrastructure (Prior to 2018: "Upgrade of energy and water/wastewater utility infrastructure")	1	*	*	0	0	1	<1	1	1	1
Area's road infrastructure	<1	*	2	1	1	0	<1	2	*	*
Retaining transitioning veterans in the local workforce	<1	1	*	1	0	0	<1	*	*	*
City parks and trails revitalization	<1	*	*	1	<1	0	0	<1	0	*
Live. Work. Play. Initiative	<1	*	1	2	1	1	3	3	1	*
Ship Creek Redevelopment	<1	*	*	1	<1	<1	<1	1	0	0
Other**	3	3	3	2	3	2	3	3	1	4

* Not included in the survey that year. ** Other responses provided in the Appendix.

ANCHORAGE SALES TAX

- Just over half of businesses (53%) agreed that the Municipality of Anchorage should establish a dedicated sales tax, while 47% disagreed.
- Agreement has decreased over the last few years of the survey, from 64% in 2019 to 57% in 2020 to 53% in 2021. Note that the 2019 statement referred to offsetting property taxes, while the 2020 and 2021 statement referred to supporting economic development projects.

Table 16. Agreement with Statements about Sales Tax, 2019-2021 (%)

2021	Strongly Agree	Agree	TOTAL AGREE	Disagree	Strongly Disagree	TOTAL DISAGREE
The Municipality of Anchorage should establish a dedicated sales tax to support economic development projects to revitalize our economy.	23	30	53	31	16	47
2020	Strongly Agree	Agree	TOTAL AGREE	Disagree	Strongly Disagree	TOTAL DISAGREE
The Municipality of Anchorage should establish a dedicated sales tax to support economic development projects to revitalize our economy.	26	31	57	26	17	43
2019	Strongly Agree	Agree	TOTAL AGREE	Disagree	Strongly Disagree	TOTAL DISAGREE
The Municipality of Anchorage should establish a dedicated sales tax to offset property taxes.	24	40	64	23	13	36

STATE'S LONG-TERM FISCAL STABILITY

- Four out of five businesses (83%) agreed with the statement "The State's fiscal crisis must be solved this session using a balanced approach of targeted cuts, new broad-based sources of revenue, and the Permanent Fund," including 51% who strongly agreed.
- Results were very similar between 2020 and 2021.

Table 17. The State's fiscal crisis must be solved this session using a balanced approach of targeted cuts, new broad-based sources of revenue, and the Permanent Fund, 2020-2021 (%)

	2021	2020
Total Agree	83	84
Strongly agree	51	54
Agree	32	30
Total Disagree	17	16
Disagree	8	9
Strongly disagree	9	7

- When asked their level of support or opposition for six methods of addressing the State of Alaska's budget deficit, businesses were most supportive of reductions to State spending (72% supportive) followed by statewide sales tax (69%), PFD reduction (67%), other broad-based statewide tax (56%), statewide income tax (35%), and elimination of the PFD (35%).
- There were two shifts in support between 2020 and 2021: reduction to the PFD (from 74% to 67%) and statewide income tax (from 49% to 35%).

Table 18. In response to the State of Alaska's budget deficit, how supportive are you of each of the following? (2020 and 2021 results) (%)

2021	Very Supportive	Somewhat Supportive	TOTAL SUPPORTIVE	Somewhat Opposed	Very Opposed	TOTAL OPPOSED
Reductions to State spending	31	41	72	23	5	28
Statewide sales tax	21	48	69	20	11	31
Reduction to the PFD	24	43	67	15	18	33
Other broad-based statewide tax	9	47	56	31	13	44
Statewide income tax	13	22	35	42	23	65
Elimination of the PFD	14	21	35	32	33	65
2020	Very Supportive	Somewhat Supportive	TOTAL SUPPORTIVE	Somewhat Opposed	Very Opposed	TOTAL OPPOSED
Reduction to the PFD	32	42	74	12	14	26
Reductions to State spending	33	40	73	25	2	27
Statewide sales tax	32	38	70	17	13	30
Other broad-based statewide tax	15	39	54	32	14	46
Statewide income tax	21	28	49	28	23	51
Elimination of the PFD	15	20	35	39	26	65
2019	Very Supportive	Somewhat Supportive	TOTAL SUPPORTIVE	Somewhat Opposed	Very Opposed	TOTAL OPPOSED
Reduction to the PFD	48	33	81	15	5	27
Statewide sales tax	32	39	71	15	15	30
Reductions to State spending	36	28	64	25	11	36
Other broad-based statewide tax	21	40	61	23	17	40
Statewide income tax	28	28	56	17	27	44
Elimination of the PFD	10	19	29	28	43	71

BUSINESS SECTOR

- The most common sector represented by respondent businesses was finance/insurance/real estate (18%), followed by professional services (12%), non-profit (10%), and tourism/ hospitality (10%).
- Business type was fairly consistent between 2020 and 2021.

Table 19. Which sector best describes your organization? (Self-identified) (2012-2021 results) (%)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Finance/insurance/real estate	18	16	17	21	11	13	12	12	20	9
Professional services	12	13	17	15	14	18	16	21	15	12
Non-profit	10	10	15	11	7	9	10	11	8	12
Tourism/hospitality	10	8	4	5	6	6	7	6	2	7
Construction/maintenance	8	4	5	5	6	3	5	4	8	5
Media/communication	8	3	3	5	7	7	5	4	2	6
Engineering/architecture	6	12	5	6	4	7	11	8	7	4
Wholesale/retail trade	6	4	5	5	8	6	6	5	3	6
Alaska Native Corporation	4	4	6	2	4	4	3	2	2	2
Healthcare	3	5	3	3	6	4	3	5	3	2
Manufacturing	3	2	1	1	2	3	2	0	1	2
Transportation	3	4	4	5	4	5	5	4	9	7
Mining/oil production	2	2	1	1	4	2	1	2	2	3
Utilities	2	0	1	1	1	1	3	2	1	3
Arts	1	1	0	0	2	*	*	*	*	*
Education/childcare	1	2	2	2	2	*	*	*	*	*
Fishing/seafood	1	1	1	0	1	0	0	0	<1	0
Government/military	1	3	2	4	3	3	5	2	5	7
Information technology	1	1	3	2	3	4	2	2	2	4
Mining/oil support services	1	<1	1	1	3	2	2	2	3	3
Social services	1	<1	1	<1	1	1	1	<1	0	0
Other	0	2	4	0	1	1	<1	3	0	4

* Not included in the survey that year.

ORGANIZATION SIZE

- When asked about their business's gross sales or annual operating budgets, the most common category was "More than \$10 million" (31%) followed by "\$1 million to \$5 million" (26%).

Table 20. Which of the following categories best describes your organization's annual gross sales or annual operating budget? (2012-2021 results) (%)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Under \$250,000	8	10	12	15	27	20	13	16	11	9
\$250,000 to \$500,000	10	7	10	7	6	10	9	8	6	3
\$500,000 to \$1 million	8	9	8	7	10	8	9	8	5	10
\$1 million to \$5 million	26	20	19	24	20	13	25	26	19	20
\$5 million to \$10 million	9	14	14	11	8	10	7	8	12	11
More than \$10 million	31	34	31	32	25	33	31	30	41	45
Don't know	8	6	5	4	4	7	6	5	6	3

CURRENT AND PEAK EMPLOYMENT

- One-third of businesses (33%) currently employ 10 to 49 people; 21% employ fewer than five people; and 15% employ five to ten people.
- Employment levels were very similar between 2020 and 2021.

Table 21. How many people (full-time and part-time) do you employ in Municipality of Anchorage currently? (2012-2021 results) (%)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Under 10	36	40	36	36	54	46	43	45	38	31
Under 5	21	*	*	*	*	*	*	*	*	*
5 to 10	15	*	*	*	*	*	*	*	*	*
10 to 49	33	31	30	30	24	26	31	22	20	27
50 to 99	11	12	12	12	6	7	6	5	11	12
100 to 249	9	5	10	10	7	7	10	12	16	12
250 to 500	4	4	5	5	2	5	4	6	3	10
500 or more	6	5	6	6	5	8	5	7	11	8
Don't know	1	1	<1	<1	1	1	2	2	<1	0

* Not included in the survey that year.

- In terms of peak employment, the most common category was 10 to 49 employees (31%) followed by under five employees (19%) and five to ten employees (16%).
- Peak employment was fairly consistent between 2020 and 2021.

Table 22. How many people (full-time and part-time) do you employ in Municipality of Anchorage in a peak month? (2012-2021 results) (%)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Under 10	35	37	37	34	51	45	40	42	37	30
Under 5	19	*	*	*	*	*	*	*	*	*
5 to 10	16	*	*	*	*	*	*	*	*	*
10 to 49	31	32	33	31	25	25	31	24	22	27
50 to 99	11	13	15	12	7	8	8	7	11	12
100 to 249	11	5	6	11	7	7	9	10	13	11
250 to 500	4	5	4	5	3	5	5	7	5	11
500 or more	5	5	5	6	5	8	5	8	11	9
Don't know	3	2	0	1	2	2	2	2	<1	0

BUSINESS/INDUSTRY ORGANIZATION MEMBERSHIP

- The most commonly cited business organizations were Anchorage Chamber of Commerce (51%), AEDC (49%), Alaska Chamber (27%), and Visit Anchorage (23%).
- Membership affiliations were generally similar between 2020 and 2021.

**Table 23. Is your business/organization a member of any of the organizations listed below?
(Self-identified) (Multiple responses allowed) (2016-2021 results) (%)**

	2021	2020	2019	2018	2017	2016
Anchorage Chamber of Commerce	51	48	44	41	36	55
Anchorage Economic Development Corporation	49	52	35	43	29	57
Alaska Chamber	27	27	28	23	25	33
Visit Anchorage	23	18	13	13	13	19
Anchorage Downtown Partnership	21	24	17	17	11	22
Rotary Club	20	17	17	21	18	26
Associated General Contractors of Alaska	17	16	13	20	10	17
Building Owners and Managers Association (BOMA)	14	11	15	17	7	11
Chugiak-Eagle River Chamber of Commerce	12	8	2	6	6	8
Resource Development Council of Alaska	12	13	15	15	17	20
Alaska Support Industry Alliance	11	14	7	13	16	18
Alaska Miners Association	11	11	10	13	15	18
Alaska World Trade Center	10	5	3	6	5	10
Better Business Bureau of Alaska	9	13	13	9	10	13
Alaska World Affairs Council	7	2	1	4	3	7
Alaska Cabaret, Hotel, Restaurant & Retailer's Association (CHARR)	5	6	3	2	3	4
Alaska Hospitality Retailers	5	*	*	*	*	*
Alaska Safety Alliance	4	2	2	2	3	2
Alaska Trucking Association	4	7	3	2	5	3
Anchorage Home Builders Association	4	7	10	8	9	8
Association of Builders and Contractors of Alaska	4	3	1	4	4	5
None of the above	14	16	17	21	32	20

The following section includes responses for open-ended survey questions. Wording has been edited slightly for clarity.

Are there any other barriers that prevent your organization from achieving growth?

- *Access to donor funds.*
- *Availability of seafood resource.*
- *Competition from companies paying lower wages and benefits and/or misclassifying workers as independent contractors.*
- *Complex and rapidly changing technology that are related to core services we offer.*
- *Cost of living and product have increased but salaries and wages have not. Cost of gas and utilities are extreme in Alaska and health care costs are ridiculous.*
- *Customers are so focused on their crisis they cannot focus on looking ahead which means they cannot imagine changing anything—willingness to make change is required for us to grow.*
- *Federal rules*
- *Global energy demand*
- *High cost of insurance*
- *Inability of local and federal government leadership to stop blaming others they work with. This effects all economies across North America every day. Being a public servant should not be a career choice and need to have set term limits of no more than 6 years in any office held.*
- *Instability, lack of predictability in the state fiscal system. Constant discussions regarding increasing taxes on business and industry creates an unstable business environment in Alaska.*
- *Internet competition*
- *Jobs are difficult to staff and retain across all jobs, most significantly entry level positions.*
- *People's uncertainties about safety and the extreme division in the community over COVID mandates. Not the mandates but the divisions!*
- *The ability to gather in large groups safely and people's level of comfort to do so. If people can't or won't feel comfortable, we will be unable to have significant growth or be able to rebound to pre-pandemic numbers.*
- *The lack of interest and improvement by the Anchorage Assembly to help the business community get back on track and thrive.*
- *The optimism of the future viability of both Anchorage and Alaskan economies required to solicit commitment and investment from owners and partners with long term horizons.*
- *State distraction on COVID and the PFD with far less attention to building the economy.*
- *State of Alaska budget cuts and refusal to come up with a broad-based statewide income tax.*
- *The vaccine mandates are impacting growth and retention of staff.*
- *We have significant barriers to growth. Lack of investment in hospitals and resources, lack of people who will show up and complete work, lack of work ethic (everyone thinks they are entitled to \$100k and remote working and no actual work), lack of transportation, and what's killing Anchorage is our current Assembly and their stupid mask-ordinances whom everyone else is making money, mixing to the Valley, FBX, anywhere but ANCH, and the people stuck here are facing extreme tax hikes with no representation and less people to support their overspending.*

Are there any other projects you think are very important for the Anchorage economy?

- *49th State Fund support for startup*
- *More cooperative assembly*
- *Acquire municipally owned city hall*
- *Affordable and sustainable PFD*
- *AMHTA develop additional opportunities, land, svc*
- *Anchorage Bypass (Glenn to Seward Highways)*
- *Attracting younger residents to Anchorage*
- *Broadband*
- *Removing the homeless from our streets*
- *Capital improvements to the Merrill Field Airport*
- *Chaos in City Hall*
- *Childcare and Pre-K Education*
- *City or State Sales tax*
- *Crisis behavioral health teams emergency response*
- *Defense against China's military capability*
- *Developing international and independent tourism*
- *Explore outsourcing Services to Public Partners*
- *Fix Port for shipping imports & exports*
- *Focus on governing not politics*
- *Get homeless off the streets*
- *Getting full PFD dividends & oil taxes*
- *Homeless prevention*
- *Increased support for the APD*
- *Infill development & housing*
- *Knik Arm Crossing*
- *Lean out municipal services (shared-services)*
- *Mayor is divisive*
- *Money towards early childhood development*
- *Money towards educational programs*
- *Money towards opening more daycares*
- *Property tax relief*
- *The State, paying for State Government through a tax*
- *Public school funding—low enrollment issue*
- *Reducing the PFD to a sustainable level*
- *Reduce crime rates*
- *Remember to include Chugiak, Eagle River and Girdwood*
- *Resume reforestation & logging for Alaska*
- *Sustainable State Fiscal Policies*
- *The MOA investing itself through bonds*
- *Various specific initiatives to favor small businesses*

AEDC is a private non-profit corporation (IRS code 501(c)(6)), operating since 1987. It exists to encourage growth and diversity in the Anchorage economy, promote a favorable business climate and improve the standard of living of Anchorage residents. Funding sources for the corporation are private contributions, municipal and state grants and contracts.



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