

2023

Annual Business Confidence INDEX REPORT



AEDC
Anchorage Economic
Development Corporation

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Summary of Key Findings

Anchorage Economic Development Corporation (AEDC) contracted with McKinley Research Group (MRG), an Alaska research firm, to conduct the 15th 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 2023. The survey was fielded at the end of 2022. Online responses from 240 Anchorage-area businesses and organizations 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.

Confidence decreased in four out of five categories, leading to an overall (if slight) decrease in the Composite Index score, from 60.6 to 60.2. However, 60.2 is well above the 10-year average of 54.9 and is the second-highest score in the last decade (following last year's score of 60.6).

In general, 2023 scores changed little from 2022. The largest change in views was about the Anchorage Economy, which decreased by 2.9 points.

Comparing all indices to last year's results, expectations for 2023 are:

Slightly lower for the overall Composite Index: ↓ 0.4 points to 60.2

Lower for the Anchorage Economy Index: ↓ 2.9 points to 52.2

Slightly lower for Gross Sales Index: ↓ 0.4 points to 65.1

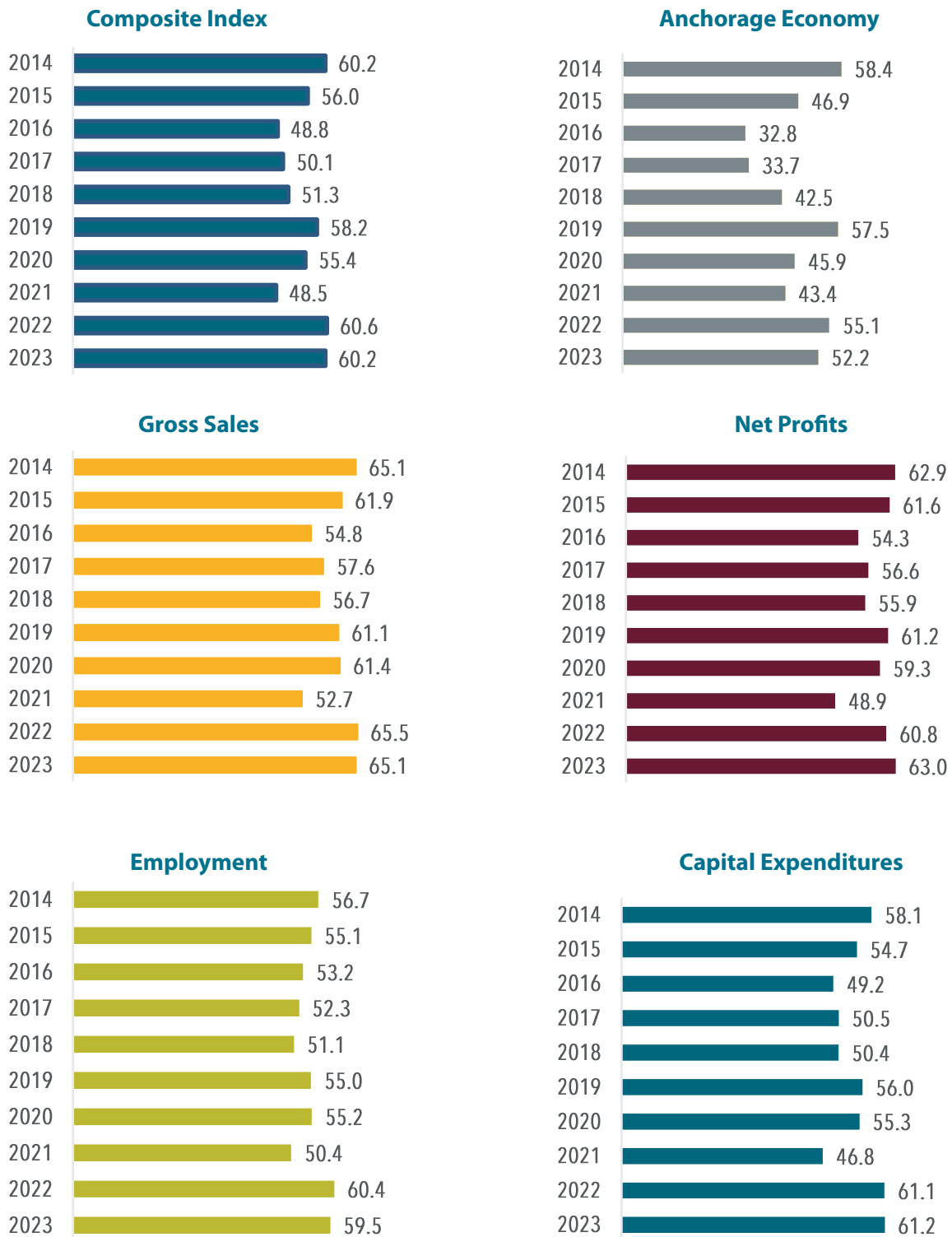
Higher for Net Profits Index: ↑ 2.2 points to 63.0

Slightly lower for Employment Index: ↓ 0.9 points to 59.5

Slightly higher for Capital Expenditures Index: ↑ 0.1 points to 61.2.

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)

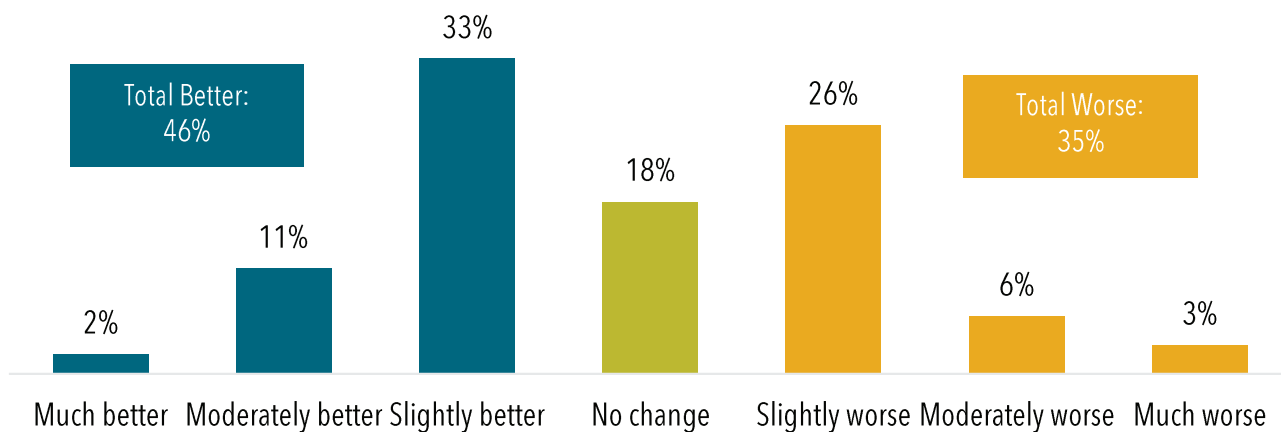


Expectations for 2023

ANCHORAGE ECONOMY

When asked how the Anchorage economy will fare in 2023 compared to 2022, businesses were more likely to say it would fare better (46%) than to say it would fare worse (35%). The most common response was “slightly better” at 33%. Expectations were lower than in the previous survey, when 60% said the economy would fare better, and 30% said it would worsen.

Figure 2. Expectations for Anchorage Economy in 2023

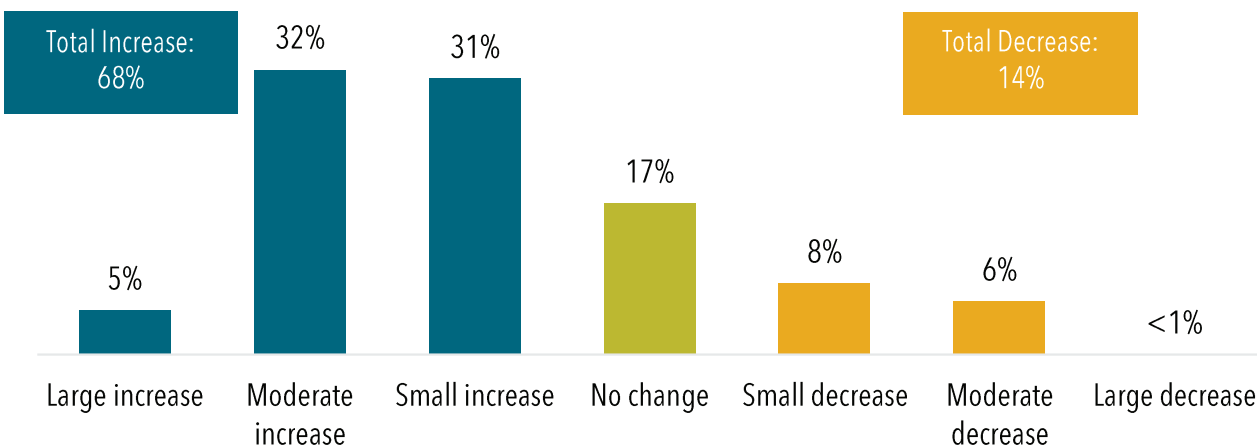


GROSS SALES AND NET PROFITS

Over two-thirds of respondents (68%) said they expect their gross sales/operating budget to increase in 2023, while 14% expect it to decrease, and 17% to stay the same. Responses were similar the previous year.

Net profit expectations (not shown) were likewise optimistic, with 64% anticipating an increase in net profits in 2023 and 15% expecting a decrease.

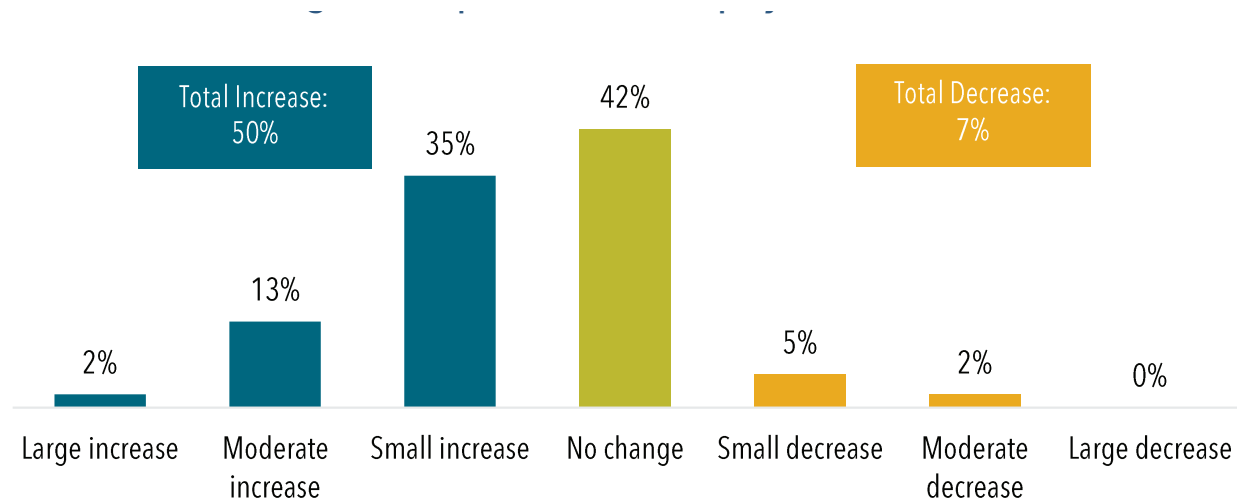
Figure 3. Expectations for Gross Sales/Annual Operating Budget in 2023



EMPLOYMENT

One-half of respondents (50%) expect their employment to increase in 2023; 7% expect a decrease; and 42% expect no change. Responses were similar to the previous survey.

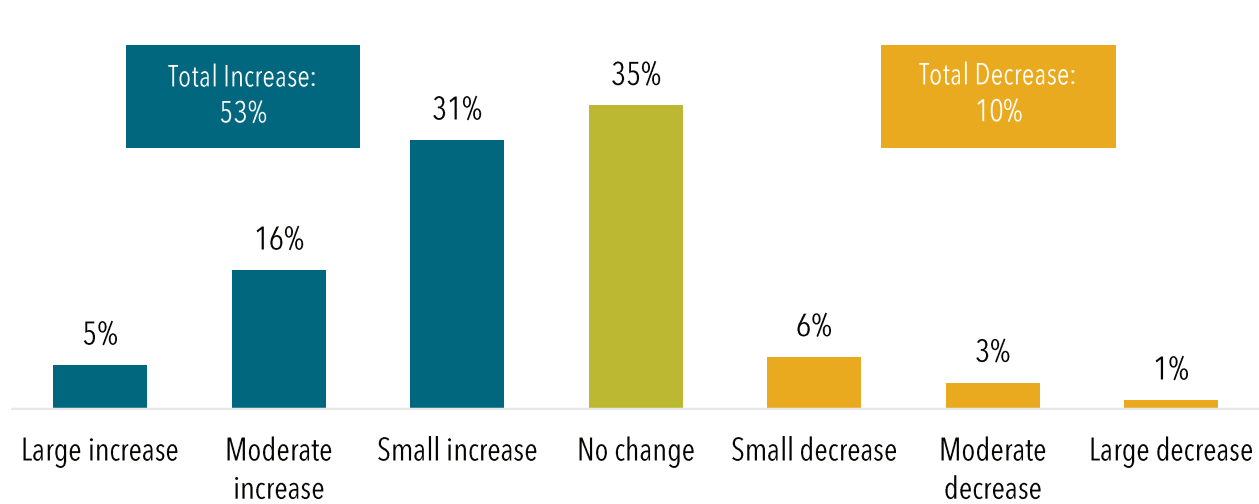
Figure 4. Expectations for Employment in 2023



CAPITAL EXPENDITURES

Just over half of respondents (53%) expect their capital expenditures to increase in 2023, while 10% expect them to decrease, and 35% expect them to stay the same. Responses were generally similar to the previous year, although those expecting a decrease doubled from 5% to 10%.

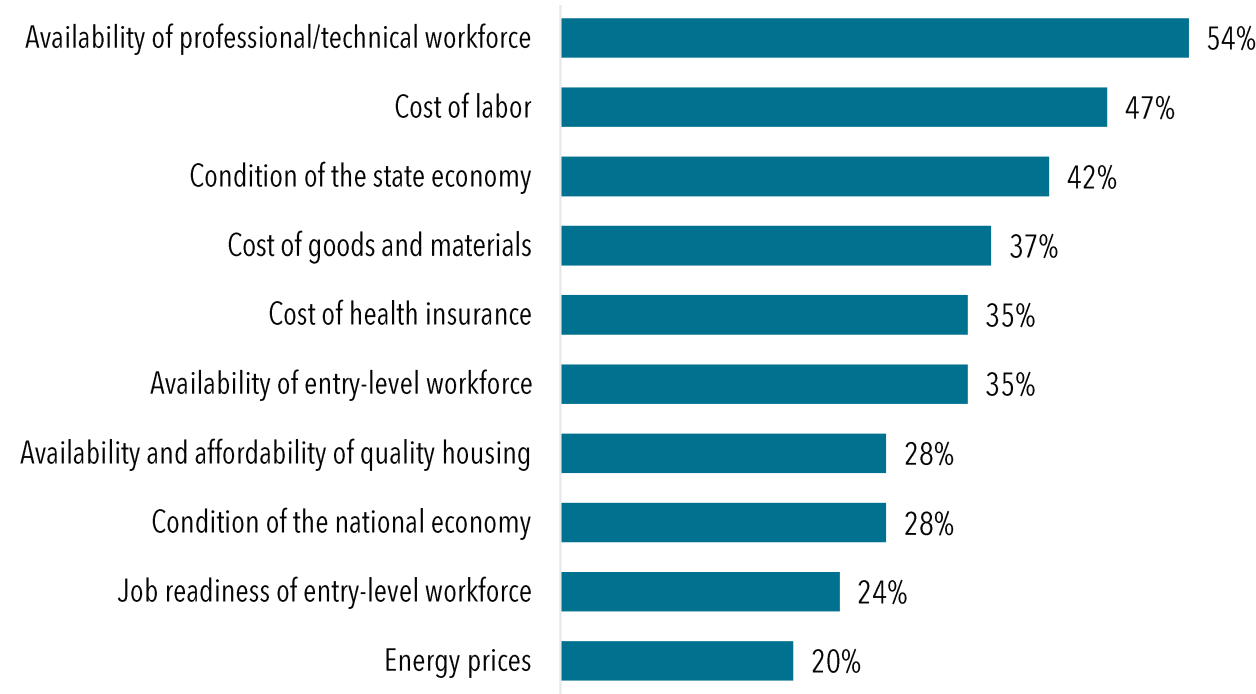
Figure 5. Expectations for Capital Expenditures in 2023



BARRIERS TO BUSINESS GROWTH

Respondents were presented with a list of 21 potential barriers to growth and asked to identify which were a “significant barrier” to their organization’s growth. The number one barrier to growth was “availability of professional/technical workforce,” noted by 54%, followed by “cost of labor” (47%) and “condition of the state economy” (42%). A change in question format from the previous survey prevents direct comparison of results; however, the top barriers were similar year-to-year.

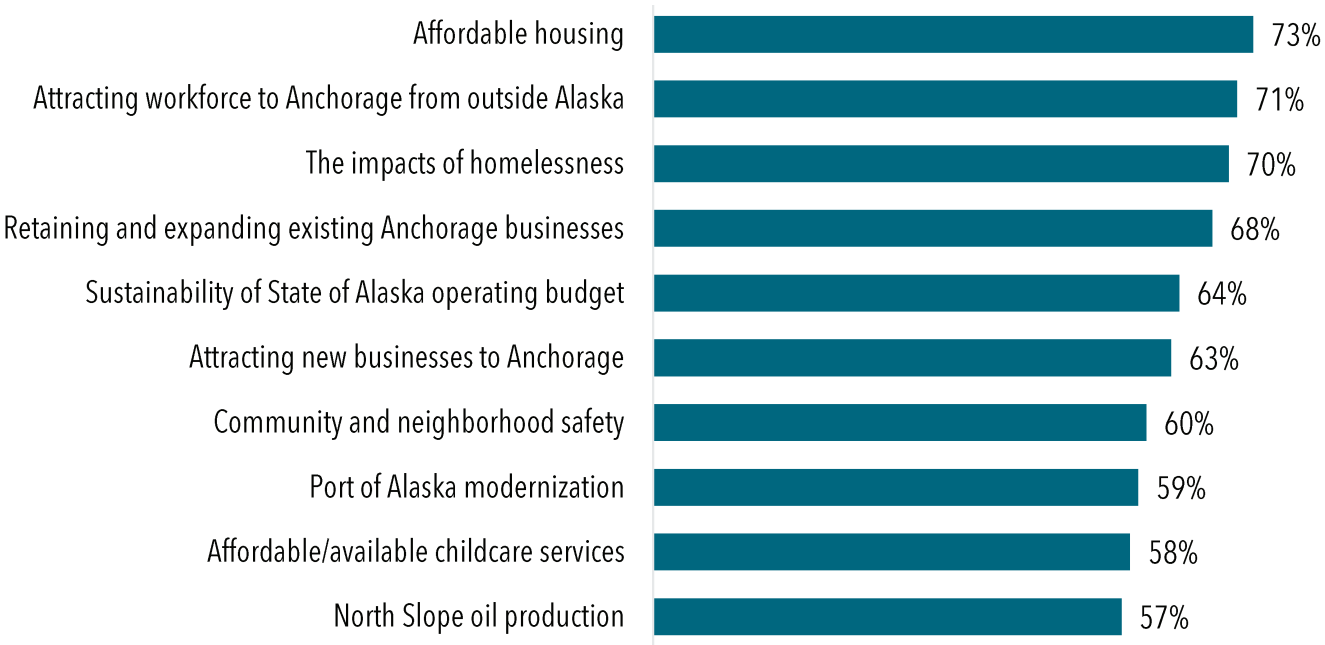
Figure 6. Top 10 “Significant” Barriers to Business Growth



IMPORTANT ISSUES AFFECTING ANCHORAGE’S ECONOMY

Respondents were presented with a list of issues and asked to identify which were “very important for the Anchorage economy.” The number one issue for the Anchorage economy was “affordable housing” (73%), followed by “attracting workforce to Anchorage from outside Alaska” (71%) and “the impacts of homelessness” (70%).

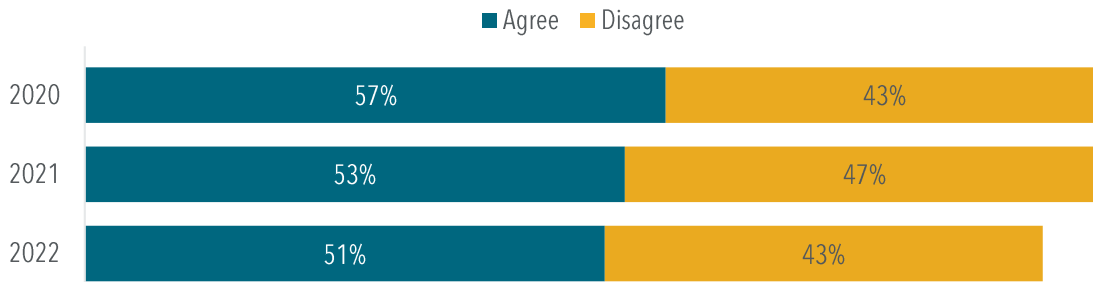
Figure 7. Top 10 “Very Important” Issues for Anchorage Economy



BUSINESS SUPPORT FOR ANCHORAGE SALES TAX

Respondents were asked to indicate their level of agreement with a statement about sales tax: “The Municipality of Anchorage should establish a dedicated sales tax to support economic development projects to revitalize our economy.” One-half of respondents (51%) agreed with the statement, while 43% disagreed. Agreement has fallen over the past three survey years: from 57% in 2020 to 51% in 2022.

Figure 8. Agree/Disagree: The Municipality of Anchorage should establish a dedicated sales tax to support economic development projects to revitalize our economy. (2020-2022)



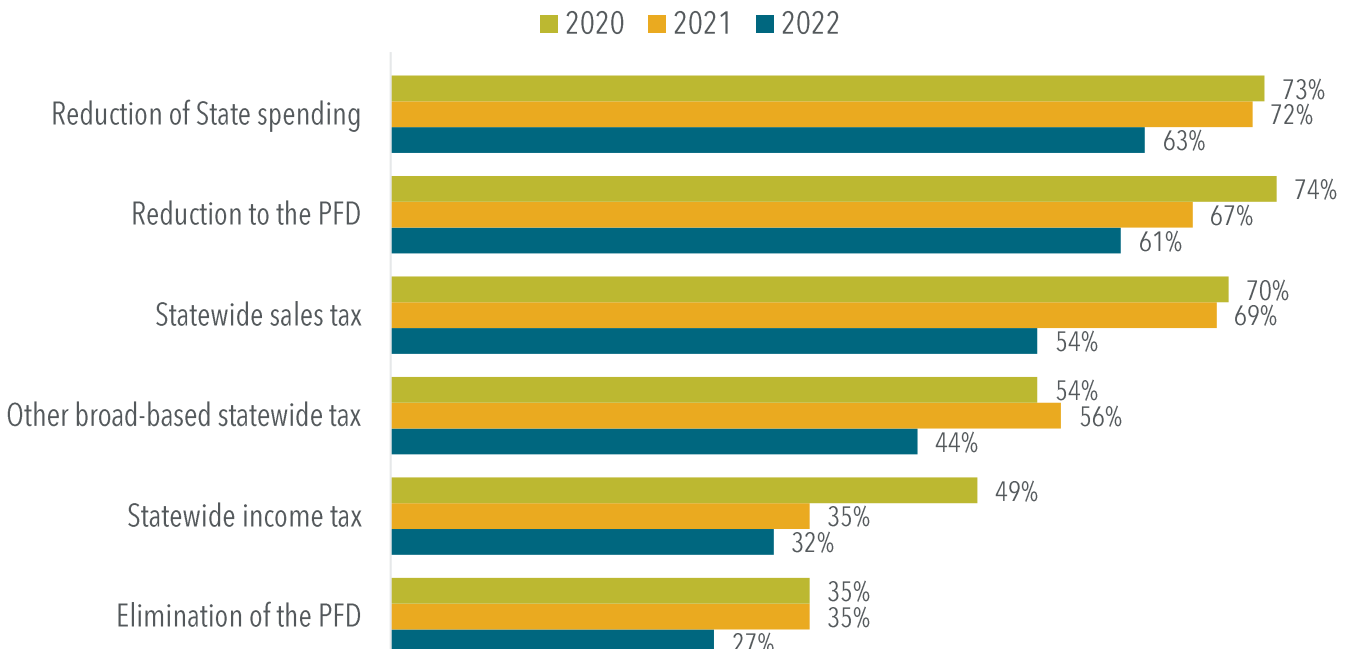
Note: Due to omission of “don’t know” responses, some rows may not add to 100%.

STATE’S LONG-TERM FISCAL STABILITY

Respondents were asked to indicate their level of support of six potential methods of addressing the State’s budget deficit. The most supported method was “reduction of State spending” at 63% supportive, followed by “reduction to the PFD” (61%). The least supported was “elimination of the PFD” (27%).

Most methods lost support in 2022. For example, support for “reduction of State spending” fell in 2022: from 73% in 2020 and 72% in 2021 to 63% in 2022. Support for “reduction to the PFD” fell from 74% in 2020 to 67% in 2021 and 61% in 2022. Support for “statewide sales tax” fell from 70% in 2020 and 69% in 2021 to 54% in 2022.

Figure 9. Methods to Address the State Budget Deficit: % Supportive, 2020-2022



Introduction and Methodology

Anchorage Economic Development Corporation (AEDC) contracted with McKinley Research Group for the 15th 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 November and December 2022. Respondents were asked a series of questions regarding their organization's business performance in 2022 compared to 2021, expectations for 2023, 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. While many questions remain the same over time, the 2023 survey was modified from previous years in an effort to shorten the survey and encourage completion.

This year, 240 businesses and organizations completed the survey, up from 115 in 2021, and exceeding the 2020 total of 210.

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 2023

GROSS SALES/ANNUAL OPERATING BUDGET

- Over two-thirds of respondents (68%) said they expect their gross sales/operating budget to increase in 2023, while 14% expect it to decrease, and 17% to stay the same.
- Responses were similar to 2021. The percentage saying "increase" (68%) was above the 10-year average of 61%.

Table 1. In terms of gross sales/annual operating budget, how do you expect your organization to perform in 2023 compared to 2022? (2013-2022 results) (%)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Increase (net)	73	65	49	54	53	62	67	51	70	68
Large increase	4	5	4	5	4	4	5	2	4	5
Moderate increase	27	26	19	27	22	26	22	22	29	32
Small increase	42	34	26	22	27	32	40	27	37	31
Decrease (net)	13	18	31	28	27	21	20	34	10	14
Small decrease	9	10	17	14	16	11	12	13	4	8
Moderate decrease	3	5	11	10	8	8	6	14	5	6
Large decrease	1	3	3	4	3	2	2	7	1	-
No change	14	17	18	17	20	18	13	15	18	17

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

NET PROFITS

- Nearly two-thirds of respondents (64%) expect their net profits to increase in 2023, while 15% expect them to decrease, and 19% to stay the same.
- Responses were similar to 2021. The percentage saying “increase” (64%) was above the 10-year average of 58%.

Table 2. In terms of net profits, how do you expect your organization to perform in 2023 compared to 2022? (2013-2022 results) (%)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Increase (net)	68	63	49	53	51	64	60	46	59	64
Large increase	3	4	2	5	3	4	4	2	3	3
Moderate increase	24	27	19	25	20	23	21	17	21	29
Small increase	41	32	28	23	28	37	35	27	36	32
Decrease (net)	16	20	28	29	27	20	23	37	15	15
Small decrease	11	12	15	15	15	13	12	12	8	8
Moderate decrease	4	6	9	9	9	5	8	16	5	7
Large decrease	1	2	4	5	3	2	3	9	2	1
No change	15	18	23	18	22	15	17	18	22	19

EMPLOYMENT

- One-half of respondents (50%) expect their employment to increase in 2023, 7% expect a decrease, and 42% expect no change.
- Responses were similar to 2021. The percent expecting an employment increase in 2023 (50%) was well above the 10-year average of 39%.

Table 3. In terms of employment, how do you expect your organization to perform in 2023 compared to 2022? (2013-2022 results) (%)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Increase (net)	45	41	36	30	26	36	39	34	54	50
Large increase	1	2	2	1	1	1	2	2	3	2
Moderate increase	11	11	10	11	6	9	9	6	14	13
Small increase	33	28	24	18	19	26	28	26	37	35
Decrease (net)	13	17	21	21	20	14	15	23	9	7
Small decrease	8	11	12	14	14	11	9	10	6	5
Moderate decrease	4	3	7	5	4	3	5	8	2	2
Large decrease	1	3	2	2	2	0	1	5	1	<1
No change	41	44	43	48	53	50	46	42	35	42

CAPITAL EXPENDITURES

- Just over half of respondents (53%) expect their capital expenditures to increase in 2023, while 10% expect them to decrease, and 35% expect them to stay the same.
- Responses were generally similar to 2021, although those expecting a decrease doubled from 5% to 10%. The percentage expecting a decrease is well below the 10-year average of 20%.
- The percentage expecting an increase (53%) was above the 10-year average of 41%.

Table 4. In terms of capital expenditures, how do you expect your organization to perform in 2023 compared to 2022? (2013-2022 results) (%)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Increase (net)	50	42	34	33	36	45	40	31	50	53
Large increase	7	5	3	3	2	4	2	1	4	5
Moderate increase	14	14	9	11	9	14	14	11	14	16
Small increase	29	23	22	19	25	27	24	19	32	31
Decrease (net)	16	19	32	29	25	17	15	32	5	10
Small decrease	8	7	17	14	11	9	6	11	3	6
Moderate decrease	3	6	8	10	5	3	6	11	<1	3
Large decrease	5	6	7	5	9	5	3	10	2	1
No change	35	38	34	37	39	38	45	37	40	35

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

Comparisons of 2022 to 2021

The 2022 survey asked one question about how businesses fared in 2022 compared to 2021: how net profits have changed. This question was not asked in previous years.

- Over half of respondents (61%) reported an increase in their net profits, while 26% reported a decrease, and 11% reported no change.

Table 5. In terms of net profits, how has your business performed in 2022 compared to 2021? (%)

	2022
Increase (net)	61
Large increase	11
Moderate increase	25
Small increase	25
Decrease (net)	26
Small decrease	11
Moderate decrease	12
Large decrease	3
No change	11

Barriers to Business Growth

Respondents were presented with a list of potential barriers to growth and asked to identify which were a “significant barrier” to their organization’s growth. Note that this question was simplified from previous years, when respondents selected “significant barrier,” “moderate barrier,” or “not a barrier” for each item; therefore, the results are not directly comparable. Previous years’ results are provided on the following page.

- The number one barrier to growth was “availability of professional/technical workforce,” noted by 54%, followed by “cost of labor” (47%) and “condition of the state economy” (42%).
- Potential barriers with the least amount of responses were “state taxes” (2%), “cost of water/wastewater and stormwater utility infrastructure to developers” (7%), “Municipality of Anchorage taxes” (8%), and “federal taxes” (8%).
- While the change in question format prevents direct comparison of results, the most significant barriers in 2022 were similar to those of 2021, which included: “condition of the state economy” and “cost of health insurance” (40% said each of these were a significant barrier), “availability of professional/technical workforce” (37%), “job readiness of entry-level workforce” (31%), and “cost of labor” (23%).
- A follow-up question asked if there were any other barriers to their organization’s growth; the most common response was “public funding,” mentioned by 4% of respondents. All verbatim responses can be found in the Appendix.

Table 6. Which of the following factors are currently a significant barrier to your organization's growth? (%)

2022		2022	
Availability of professional/technical workforce	54	Municipality of Anchorage regulations	19
Cost of labor	47	Federal regulations	17
Condition of the state economy	42	Cost of comm. property lease/acquisition	14
Cost of goods and materials	37	Public safety	13
Cost of health insurance	35	Access to capital	11
Availability of entry-level workforce	35	State regulations	11
Condition of the national economy	28	Federal taxes	8
Availability and affordability of quality housing	28	Anchorage taxes	8
Job readiness of entry-level workforce	24	Cost of water/wastewater and stormwater utility infrastructure to developers	7
Energy prices	20	State taxes	2
Availability and affordability of childcare services	19		

**Table 7. To what extent are the following factors a barrier to your organization's growth?
("Significant barriers" only) (2013-2022 results) (%)**

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

* Not included in the survey that year.

Capital Improvement Plans

- One-third of respondents (32%) said they are planning capital improvements in 2023-2024, similar to the 2021 rate of 31% and the 10-year average of 29%.
- Of those planning improvements, 72% said it will create jobs, also similar to the 2021 rate of 78%.
- Two-thirds of respondents (68%) are not planning capital improvements. Of these respondents, over one-third (39%) noted that the recent change in Anchorage's economy had affected their plans, similar to the 2021 rate of 44%.

Table 8. Are you planning significant capital improvements in the next two years (2023-2024)? (2013-2022 results) (%)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Planning capital improvement	35	31	27	31	25	28	28	22	31	32
Will create jobs	70	78	68	67	69	80	73	62	78	72
Will not create jobs	30	22	32	33	31	20	27	38	22	28
Not planning capital improvement	65	69	73	69	75	72	72	78	69	68
Recent change in Anchorage economy affected plans	24	27	40	41	44	50	55	60	44	39
Recent change in Anchorage economy did not affect plans	76	73	60	59	56	50	45	40	56	61

Expectations for the Economy in 2023

ANCHORAGE ECONOMY

- Nearly half of respondents (46%) expect the Anchorage economy to be better in 2023 compared to 2022, while 35% expect it will be worse, and 18% expect no change.
- The percentage expecting the economy to be better (46%) was lower than in 2021 (60%) but higher than the 10-year average of 39%.

Table 9. How do you think the Anchorage economy will fare in 2023, compared to 2022? (2013-2022 results) (%)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Better (net)	59	37	10	18	29	58	30	40	60	46
Much better	1	1	<1	1	2	2	1	1	4	2
Moderately better	11	7	<1	3	4	12	8	9	10	11
Slightly better	47	29	10	14	23	44	21	30	46	33
Worse (net)	18	44	78	70	58	23	48	52	30	35
Slightly worse	17	29	48	40	36	18	35	24	19	26
Moderately worse	1	12	22	23	17	4	9	16	6	6
Much worse	<1	3	8	7	5	1	4	12	5	3
No change	22	18	12	12	14	19	22	8	10	18

ALASKA ECONOMY

- Half of respondents (51%) expect the Alaska economy to be better in 2023 compared to 2022, while 34% expect it will be worse, and 17% expect no change. These ratings are similar to those for the Anchorage economy.
- The percentage expecting the economy to be better (51%) was lower than in 2021 (63%) but higher than the 10-year average of 40%.

Table 10. How do you think the overall Alaska economy will fare in 2023, compared to 2022? (2013-2022 results) (%)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Better (net)	56	35	5	19	32	62	35	43	63	51
Much better	1	2	0	1	2	3	3	3	3	3
Moderately better	13	8	<1	4	5	16	6	7	10	12
Slightly better	42	25	5	14	25	43	26	33	50	36
Worse (net)	24	50	88	71	52	24	49	52	28	34
Slightly worse	20	29	40	32	29	17	35	25	21	25
Moderately worse	3	16	36	29	19	6	10	17	3	6
Much worse	1	5	12	10	4	1	4	10	4	3
No change	20	15	7	9	16	15	16	5	9	17

Importance of Issues for the Economy

Respondents were presented with a list of issues and asked to identify which were “very important for the Anchorage economy.” Note that this question was simplified from previous years, when respondents selected “very important,” “somewhat important,” or “not important” for each issue. The wording also changed for several issues; for example, “workforce affordable housing” was changed to simply “affordable housing.” Therefore, the results are not directly comparable. Previous years’ results are provided on the following page.

- The number one issue for the Anchorage economy, according to respondents, is “affordable housing” (73%), followed by “attracting workforce to Anchorage from outside Alaska” (71%) and “the impacts of homelessness” (70%).
- The least important issues are “retaining transitioning veterans in the local workforce” (27%), “City parks and trails revitalization” (27%), “North Slope natural gas development projects” (32%), and “mining resource development projects” (32%).

A follow-up question asked if there were other projects or issues very important for the Anchorage economy; the most common response was “education funding,” mentioned by 9% of respondents. All verbatim responses are included in the Appendix.

Table 11. Which of the following do you think are very important for the Anchorage economy? (%)

	2022		2022
Affordable housing	73	Downtown revitalization	50
Attracting workforce to Anchorage from outside Alaska	71	Expansion of air cargo industry at Anchorage International Airport	48
The impacts of homelessness	70	Reducing healthcare costs	46
Retaining and expanding existing Anchorage businesses	68	Retaining K-12 student population	44
Sustainability of State of Alaska operating budget	64	Area road infrastructure	35
Attracting new businesses to Anchorage	63	Mining resource development projects	32
Community and neighborhood safety	60	North Slope natural gas development projects	32
Port of Alaska modernization	59	City parks and trails revitalization	31
Affordable/available childcare services	58	Retaining transitioning veterans in the local workforce	27
North Slope oil production	57		
Workforce training	50	Other	<1

Table 12. How important do you think the following are for the Municipality of Anchorage economy? ("Very important" responses) (2013-2021 results) (%)

	2013	2014	2015	2016	2017	2018	2019	2020	2021
Sustainability of State of Alaska operating budget	73	76	81	86	87	85	84	79	81
Attracting new businesses to Anchorage	*	*	56	43	68	60	75	68	75
Retaining and expanding existing Anchorage businesses	*	*	56	53	65	63	70	68	72
Port of Alaska modernization (Prior to 2018: "Port of Anchorage improvements")	41	33	35	40	50	56	62	47	69
Community and neighborhood safety	54	47	51	60	74	73	71	60	67
Reducing healthcare costs (Prior to 2022: "Cost of healthcare")	*	*	*	*	78	68	69	61	64
North Slope oil production (Prior to 2020: "Increased North Slope oil production")	82	80	83	69	76	72	63	71	62
Ending the spread of COVID-19	*	*	*	*	*	*	*	79	61
The impacts of homelessness	*	*	*	*	*	49	54	55	54
90% Anchorage high school graduation rate	54	50	31	41	49	44	49	50	53
Workforce training	46	42	32	31	44	42	41	39	51
The impacts of drug and alcohol addiction	*	*	*	*	*	56	59	43	50
Affordable housing (Prior to 2022: "Workforce affordable housing")	51	56	39	38	44	49	49	36	49
Affordable/available childcare services	*	*	25	32	40	35	43	39	43
North slope gas development projects (prior to 2019: Natural gas pipeline from North Slope to Cook Inlet)	67	65	61	39	50	49	46	46	46
Area road infrastructure	*	43	33	31	38	45	41	27	38
Creative environments that enhance community livability	33	33	27	31	35	34	37	31	35
Mining resource development projects	*	*	*	*	*	*	*	32	32
City parks and trails revitalization	17	25	17	24	24	19	25	15	25
Access to COVID-19 aid including grant or loan funds	*	*	*	*	*	*	*	50	24
Live. Work. Play. Initiative	24	22	20	22	24	23	26	21	24
Upgrade community water/wastewater utility infrastructure (Prior to 2018: "Upgrade of energy and water/wastewater utility infrastructure")	30	25	23	23	28	19	21	16	24
Retaining transitioning veterans in the local workforce	*	*	22	21	27	24	22	21	20
Ship Creek redevelopment	14	12	10	12	14	14	12	13	10

* Not included in the survey that year.

Respondents were asked to select one issue as the “most important” for the Anchorage economy.

- Four issues each garnered more than 10% of responses: “North Slope oil production” (13%), “attracting workforce to Anchorage from outside Alaska” (12%), “sustainability of State of Alaska operating budget” (11%), and “retaining and expanding existing Anchorage businesses” (11%).
- While “affordable housing” earned the highest number of “very important” responses in the previous question, it was most important for only 7% of respondents.
- The most important barriers in 2022 were similar to those of 2021, which included “North Slope oil production” (15%), “sustainability of State of Alaska operating budget” (15%), and “retaining and expanding existing Anchorage businesses” (8%).

Table 13. Which of the following do you think is most important for the Anchorage economy? (%)

2022		2022	
North Slope oil production	13	North Slope natural gas development projects	4
Attracting workforce to Anchorage from outside Alaska	12	Retaining K-12 student population	2
Sustainability of State of Alaska operating budget	11	Reducing healthcare costs	2
Retaining and expanding existing Anchorage businesses	11	Education Funding	2
Affordable housing	7	Community and neighborhood safety	1
Attracting new businesses to Anchorage	6	Affordable/available childcare services	1
Workforce training	6	Mining resource development projects	<1
Port of Alaska modernization	5	Area road infrastructure	<1
The impacts of homelessness	5	City parks and trails revitalization	<1
Expansion of air cargo industry at Anchorage Int'l Airport	5		
Downtown revitalization	4	Other	4

ANCHORAGE SALES TAX

Respondents were asked to indicate their level of agreement with a statement about sales tax: “The Municipality of Anchorage should establish a dedicated sales tax to support economic development projects to revitalize our economy.”

- One-half of respondents (51%) agreed with the statement, while 43% disagreed.
- Agreement has fallen over the three survey years: from 57% in 2020 to 51% in 2022. The percentage strongly agreeing has fallen from 26% in 2020 to 16% in 2022.

Table 14. Agreement with “The Municipality of Anchorage should establish a dedicated sales tax to support economic development projects to revitalize our economy”, 2020-2022 (%)

	2020	2021	2022
Total Agree	57	53	51
Strongly agree	26	23	16
Agree	31	30	35
Total Disagree	43	47	43
Strongly disagree	17	16	21
Disagree	26	31	23
Don't know	n/a	n/a	6

STATE OF ALASKA BUDGET

Respondents were asked to indicate their level of agreement with a statement about the State’s fiscal crisis: “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.”

- Three-quarters of respondents (76%) agreed with the statement, while 22% disagreed.
- Agreement fell from 2021, when 83% agreed. Those strongly agreeing fell from 51% to 37%.

Table 15. Agreement with “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” (2021-2022 results) (%)

	2021	2022
Total Agree	83	76
Strongly agree	51	37
Agree	32	39
Total Disagree	17	22
Strongly disagree	9	9
Disagree	8	13
Don't know	n/a	2

Respondents were asked to indicate their level of support of six potential methods of addressing the State's budget deficit.

- The most supported method was "reduction of State spending" at 63% supportive, followed by "reduction to the PFD" (61%). The least supported was "elimination of the PFD" (27%).
- Most methods lost support in 2022.
 - For example, support for "reduction of State spending" fell in 2022: from 73% in 2020 and 72% in 2021 to 63% in 2022. ("Reductions to State spending" was changed to "reduction of State spending" in 2022.)
 - Support for "reduction to the PFD" fell from 74% in 2020 to 67% in 2021 and 61% in 2022.
 - Support for "statewide sales tax" fell from 70% in 2020 and 69% in 2021 to 54% in 2022.

Table 16. In response to the State of Alaska's budget deficit, how supportive are you of each of the following? (2020-2022 results) (%)

2022	Very Supportive	Supportive	TOTAL SUPPORTIVE	Opposed	Very Opposed	TOTAL OPPOSED
Reduction of State spending	28	35	63	26	8	34
Reduction to the PFD	25	36	61	17	19	36
Statewide sales tax	14	40	54	25	17	43
Other broad-based statewide tax	6	38	44	20	18	38
Statewide income tax	10	22	32	32	33	65
Elimination of the PFD	10	17	27	35	33	68
2021						
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						
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

Note: Due to omission of "Don't Know" responses, some columns may not add up to 100%.

BUSINESS SECTOR

- The most common business sectors represented by respondents were finance/insurance/real estate (18%), professional services (16%), and non-profit (10%), the same top three as the previous year.

**Table 17. Which sector best describes your organization? (Self-identified)
(2013-2022 results) (%)**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Finance/insurance/real estate	20	12	12	13	11	21	17	16	18	18
Professional services	15	21	16	18	14	15	17	13	12	16
Non-profit	8	11	10	9	7	11	15	10	10	10
Transportation	9	4	5	5	4	5	4	4	3	8
Tourism/hospitality	2	6	7	6	6	5	4	8	10	7
Engineering/architecture	7	8	11	7	4	6	5	12	6	6
Wholesale/retail trade	3	5	6	6	8	5	5	4	6	5
Alaska Native Corporation	2	2	3	4	4	2	6	4	4	5
Health care	3	5	3	4	6	3	3	5	3	5
Construction/maintenance	8	4	5	3	6	5	5	4	8	4
Education/childcare	*	*	*	*	2	2	2	2	1	3
Government/military	5	2	5	3	3	4	2	3	1	3
Information technology	2	2	2	4	3	2	3	1	1	3
Media/communication	2	4	5	7	7	5	3	3	8	2
Manufacturing	1	-	2	3	2	1	1	2	3	2
Mining/oil support services	3	2	2	2	3	1	1	<1	1	2
Utilities	1	2	3	1	1	1	1	-	2	1
Social services	-	<1	1	1	1	<1	1	<1	1	1
Arts	*	*	*	*	2	-	-	1	1	<1
Mining/oil production	2	2	1	2	4	1	1	2	2	<1
Fishing/seafood	<1	-	-	-	1	-	1	1	1	-
Other	-	3	<1	1	1	-	4	2	-	-

* Not included in the survey that year.

ORGANIZATION SIZE

- Over one-third of responding businesses (40%) reported an annual sales/operating budget of more than \$10 million. The next most popular category was \$1 million to \$5 million (22%).
- The percentage reporting more than \$10 million rose from 31% in 2021 to 40% in 2022.

Table 18. Which of the following categories best describes your organization's annual gross sales or annual operating budget? (2013-2022 results) (%)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Under \$250,000	11	16	13	20	27	15	12	10	8	13
\$250,000 to \$500,000	6	8	9	10	6	7	10	7	10	6
\$500,000 to \$1 million	5	8	9	8	10	7	8	9	8	6
\$1 million to \$5 million	19	26	25	13	20	24	19	20	26	22
\$5 million to \$10 million	12	8	7	10	8	11	14	14	9	8
More than \$10 million	41	30	31	33	25	32	31	34	31	40
Don't know	6	5	6	7	4	4	5	6	8	5

CURRENT AND PEAK EMPLOYMENT

- Responding businesses represented a wide range in terms of employment numbers, with 34% employing under 10 people, and 22% employing 100 or more.
- Peak employment numbers were similar to overall employment numbers.

**Table 19. How many people do you currently employ in Anchorage?
Please include full-time and part-time employees. (2013-2022 results) (%)**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Under 10	38	45	43	46	54	36	36	40	36	34
Under 5	*	*	*	*	*	*	*	*	21	24
5 to 9	*	*	*	*	*	*	*	*	15	10
10 to 49	20	22	31	26	24	30	30	31	33	31
50 to 99	11	5	6	7	6	12	12	12	11	14
100 to 249	16	12	10	7	7	10	10	5	9	8
250 to 500	3	6	4	5	2	5	5	4	4	8
500 or more	11	7	5	8	5	6	6	5	6	6
Don't know	<1	2	2	1	1	<1	<1	1	1	-

* Not included in the survey that year.

**Table 20. What was your peak employment in 2022, in Anchorage?
Please include full-time and part-time employees. (2013-2022 results) (%)**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Under 10	37	42	40	45	51	34	37	37	35	33
Under 5	*	*	*	*	*	*	*	*	19	25
5 to 9	*	*	*	*	*	*	*	*	16	8
10 to 49	22	24	31	25	25	31	33	32	31	30
50 to 99	11	7	8	8	7	12	15	13	11	15
100 to 249	13	10	9	7	7	11	6	5	11	7
250 to 500	5	7	5	5	3	5	4	5	4	9
500 or more	11	8	5	8	5	6	5	5	5	6
Don't know	<1	2	2	2	2	1	0	2	3	1

* Not included in the survey that year.

Appendix

The following section includes responses for open-ended survey questions. For readability, wording has been edited slightly for grammar, punctuation, or spelling.

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

- 30-year mortgage rates
- A need for architecture/engineering projects with funding
- Affordable capital
- Anchorage economy, ineffective assembly, liberal politicians, and lack of forward progression in improving Anchorage
- Availability of raw material to build
- Bearish outlook on state and national economy by larger clients based in Alaska
- Blah attitude of Alaska government and private sector
- Capital
- Change in market conditions and new competition
- Contracts and opportunities that must go to certain ethnic groups
- Cost of office space
- Cost of shipping
- Cost of shipping goods to Alaska
- Creative design
- Customer funding
- Federal / Economy
- Federal laws preventing exploration of natural resources
- Federal oil and gas regulations. Administration
- Flat or declining population
- Funding and building space
- Funding cuts to public schools, kindergarten to postsecondary
- Funding sources - state
- Grant opportunities
- Hard to get new employees
- Health insurance companies charge employers and members more for and continue to pay less for same psychiatric care. Demand for increases. Medicaid also decreases mental health payments every year. We are expected to give our employees raises and have less to give.
- Healthcare costs
- Highway construction at our entrance
- I don't want to grow!
- Increase in fuel pricing
- Inflation (2)
- Insurance costs
- Interest rates (2)
- Interest rates, low turnover in the housing market
- Internet connection in rural Alaska
- Investment opportunities
- Lack of activity in the oil and gas industry
- Lack of funding for education and capital projects
- Lack of investment in solutions for homeless; uncertainty around cost and interest rates, political gridlock locally/State discourages investment

- Lack of state funding for education and infrastructure
- Lack of sustainable state budget that invests appropriately in human and material infrastructure
- Lack of technical workforce
- Lack of time and assistance
- Macro-economic uncertainty
- Municipality of Anchorage commercial real estate taxes in a pandemic economy
- No to low interest loans to grow faster than cash pay
- Number of capital projects planned
- Ongoing issues from the COVID-19 pandemic preventing students from enrolling in partnered social dance classes and events
- Our clients are losing money, shrinking, going out of business.
- Our community needs to be perceived safe for traveling nurses and doctors to want to come here and complete their internships.
- Overall 'crisis' portrayal of community events (everything is a crisis)
- Perception that outside companies can do a better 'job'. Contract locally is often seen as lower quality or 'not as good.'
- Pivot from pre-pandemic business model to hybrid with associated investment & retraining consumers
- Poor performance of schools
- Population decrease
- Qualified applicants
- Quality workforce
- Reduced inventory of residential real estate market
- Reimbursement rate from State of Alaska for services
- Senior level, technical employees
- Shortage of goods and building materials
- Shrinking consumer population
- State funding opportunities for cultural tourism
- State of Alaska DOT&PF not having enough staff to operate airports safely and for enough hours in the day.
- Supply chain disruptions
- Supply chain disruptions in automotive manufacturing applications
- Supply chain issues
- The Biden/Harris economy
- The fact that we have many businesses who are unable to afford insurance due to the high cost of inflation
- The public's willingness to understand the issues and the polarization on issues
- Training program options for skilled trade workers
- Transportation costs
- Unstable economy
- Utility costs (separate from oil & gas), food cost & availability (in comparison to lower 48), cost of construction materials, labor availability & cost
- Vibrant Anchorage business community that encourages growth
- We have not invested much since 2015. The state has had an economic downturn, reduced money to State of Alaska to spend, and the legislature spent billions and billions of savings!
- We need higher state taxes to fund construction projects. Need to go back to old tax structure for oil companies from 2014
- We work in resource development, and the state is not very good at it, and the federal government actively retards it (Ambler road, etc.).
- Workman's compensation rates are way too high.



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