

Alaska Aviation System Plan

Rural survey respondents emphasized the importance of air travel in rural Alaska. For many communities, especially in Alaska's West and Interior, air travel is the only means to get in and out of the communities; there are no roads or ferry service. These villages rely on air travel for emergencies, family visits, work-related travel, social and vacation trips, and transportation of supplies. Some communities do not offer medical services and residents need to travel for all medical visits. This situation is especially common in small communities and the survey data indicate that community airport respondents made more than twice as many family or personal business related and medical trips than those in larger communities.

Some rural communities in Western and Interior Alaska would be completely isolated in the winter without their rural airports. In parts of Central and Southeast Alaska, ferry or road transportation may be alternatives, but communities still rely heavily on their airports for swift and reliable travel and cargo transport.

By contrast, rural communities in the Lower 48 more often commented that their community would be less attractive for people visiting or doing business but that they could likely live without an airport.

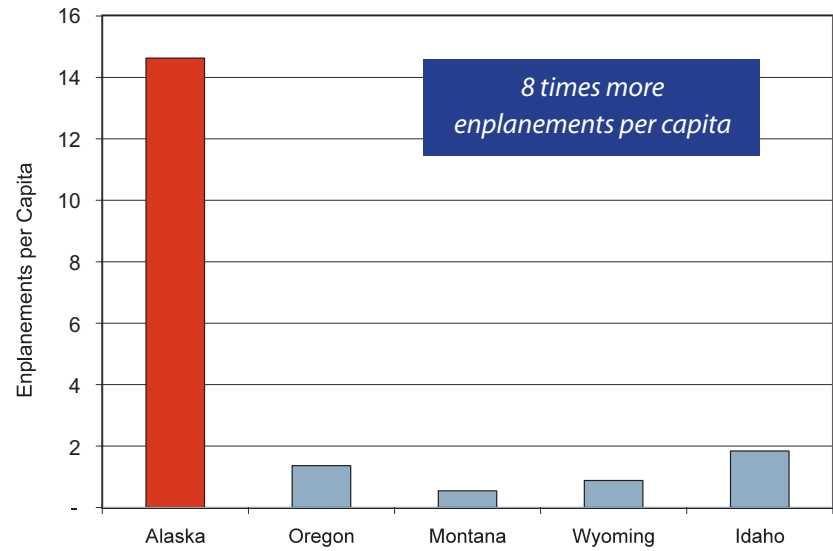


Figure 4 Comparison of Enplanements per 1,000 Persons for Selected Community Airports, 2007

Sources: Bureau of Transportation Statistics, 2008. U.S. Census Bureau, 2008.

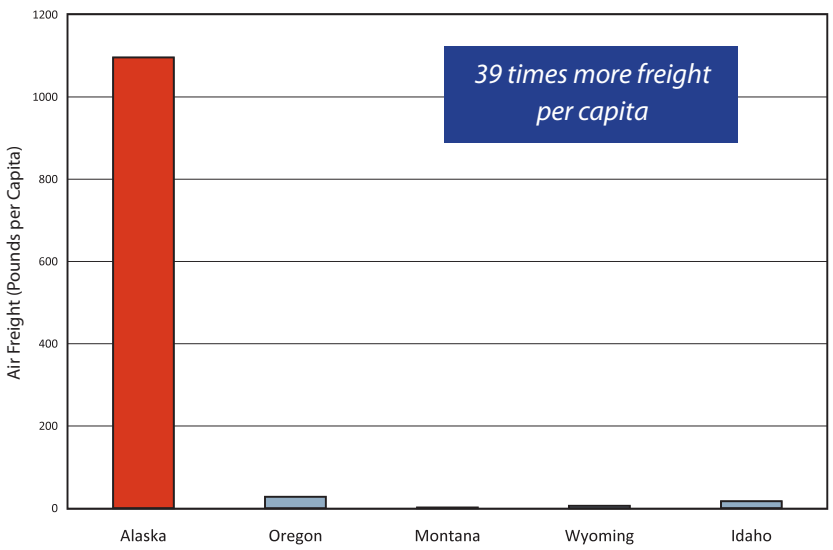


Figure 5 Air Freight per Capita for Selected Community Airports, 2007

Sources: Bureau of Transportation Statistics, 2008. U.S. Census Bureau, 2008.



The Economic Contribution of the Aviation Industry to Alaska's Economy

Alaska Aviation System Plan

Introduction

As an economic engine for the State of Alaska, Alaska's aviation industry contributes \$3.5 billion dollars and over 47,000 jobs to the state's economy. Aviation is a critical component of the state's economy and the vitality of Alaska's communities. The Alaska Department of Transportation & Public Facilities (ADOT&PF), Aviation Division recently embarked on updating the Alaska Aviation System Plan. An important part of that update is determining the value and contribution of Alaska's aviation industry to the state's economy. This determination was accomplished through an extensive survey effort targeting all public airports managed by ADOT&PF, public airports managed by other entities, private airports throughout the state, leaseholders located on ADOT&PF airports, and 600 residents in rural Alaska and the Railbelt who have flown within the last 12 months. The study included interviews with airport managers, city officials and other community leaders in 18 selected communities in Alaska, and four western states to evaluate the importance of airports to remote, rural communities.

Contributions to Alaska's State Economy

Airports and aviation-related businesses create significant economic value within the State of Alaska. In fiscal year (FY) 2007, the Alaska aviation industry contributed \$3.5 billion to the state economy and supported over 47,000 jobs statewide. The aviation industry contributed about 8 percent of Alaska's gross state product of \$44 billion in 2007 and supported almost 10 percent of 2007 statewide annual average employment. If compared to the primary economic sectors the aviation industry would be the fifth largest employer in Alaska.



Economic Activity

The aviation industry contributes to Alaska's economy by supporting local businesses and employing citizens in year round operations. The value of the economic activity generated by the operation of the airports, the businesses, and agencies operating within the airport premises in FY2007 amounted to more than \$2.1 billion.

This direct spending by airports, businesses located on the airports and their employees in turn creates additional employment and income in other sectors of the economy. The economic contribution of the aviation industry through those secondary (multiplier) expenditures is estimated to be \$1.4 billion in FY2007 resulting in a total of \$3.5 billion in economic activity. **(See Figure 1)**

This report was prepared by Northern Economics, Inc. For more information please call ADOT&PF Aviation Division at (907) 267-0730. www.dot.state.ak.us



This Alaska Aviation System Plan was conducted in accordance with FAA Advisory Circular 150/5070-7: The Airport System Planning Process. The economic analysis described in this brochure was conducted pursuant to Section 101.a(3) of that document.

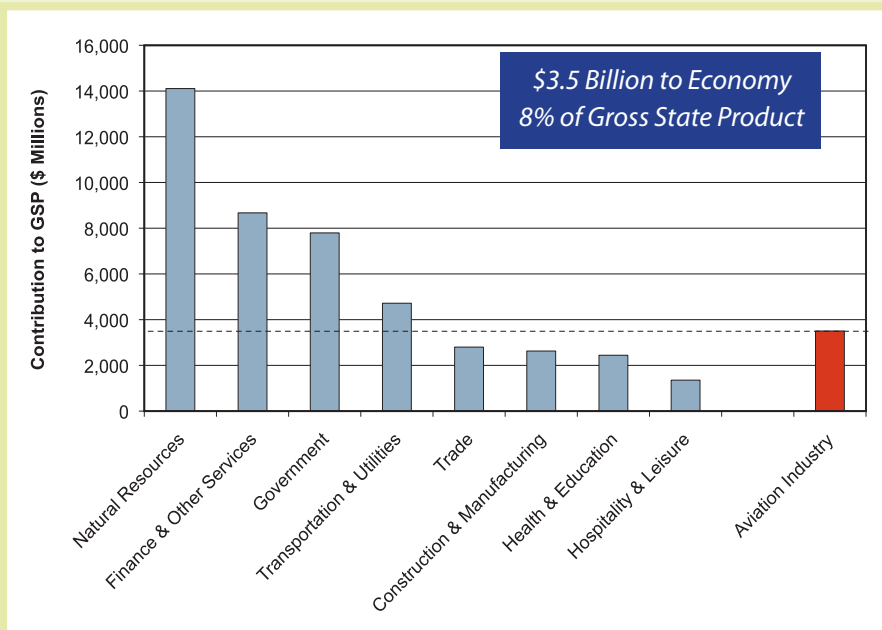


Figure 1 The Aviation Industry's Contribution to GSP Compared to Primary Economic Sectors, 2007

Source: Northern Economics estimates, 2008

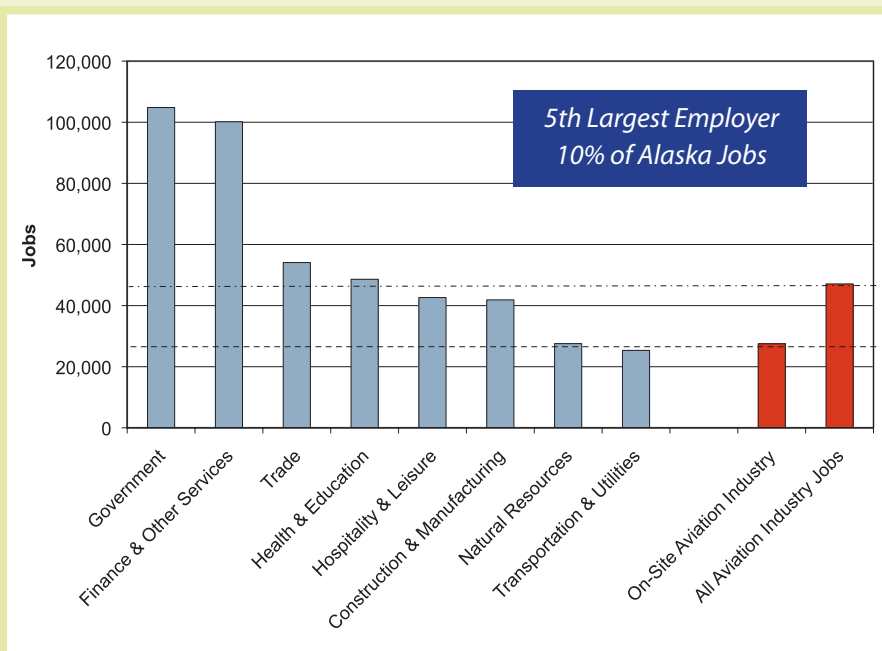


Figure 2 The Aviation Industry's Contribution to Available Jobs Compared to Primary Economic Sectors, 2007

Source: Northern Economics estimates, 2008

Employment

In 2007, the aviation industry provided over 47,000 on-site and off-site jobs across the state. The highest concentration of jobs are located at the international airports in Anchorage, Fairbanks, and the state's regional hubs. These jobs include more than 27,000 on-site jobs and nearly 20,000 off-site jobs created by this industry. (See Figure 2) The on-site jobs include more than 2,000 full-time and part-time jobs directly related to the operation and maintenance of public and private airports in Alaska as well as more than 25,000 jobs created by on-site businesses, organizations, and government agencies operating out of the airports. These businesses include commercial air carriers, fixed-base operators, fuel distributors, caterers, air taxis, charter operations, general aviation services, state agencies and other public agencies. The number of on-site jobs underscores the value of airport infrastructure in creating jobs in various businesses and communities across the state.

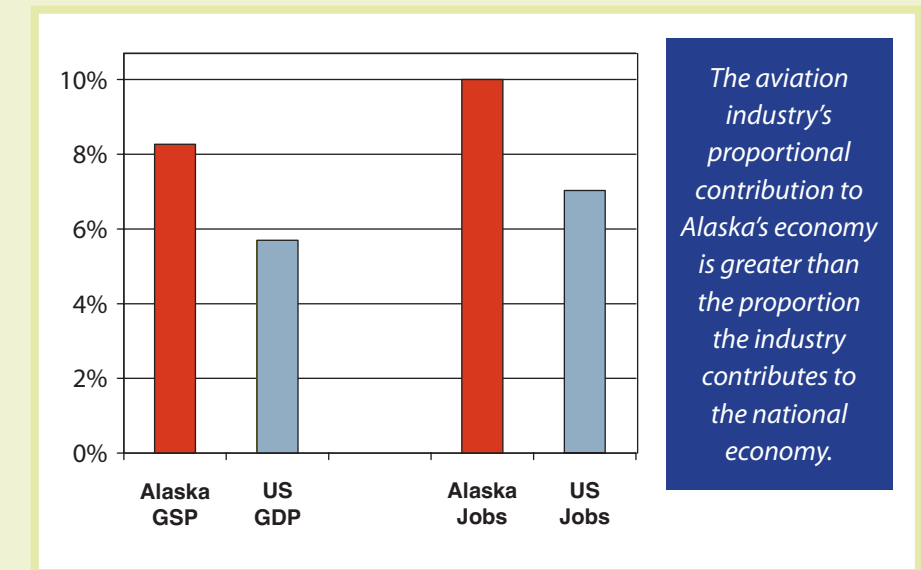
The nearly 20,000 off-site jobs are created when goods and services are purchased from other businesses in

the state to support the operations and maintenance of airports and businesses located at airports, and when on-site employees spend their wages on goods and services within the state.

Over 47,000 jobs generated by the firms, agencies and businesses that make up the industry provided approximately 10 percent of the total jobs in Alaska's economy in 2007, including the self-employed and the military. The aggregate aviation industry was smaller than the government, finance and other services, trade, and health & education sectors, but larger than the hospitality & leisure, construction & manufacturing, natural resources, and transportation & utilities sectors.

Figure 3 shows that the aviation industry's proportional contribution to Alaska's economy is greater than the proportion the industry contributes to the national economy. In actuality, the figure underestimates the relative importance of the aviation industry to Alaska as the true difference is even greater than shown; the national data include the expenditure of visitors and this study

Figure 3 Economy and Jobs: Importance in Alaska vs. the US



does not include this factor in the estimates for Alaska's economy.

Importance of Alaska's Airports to Alaska's Communities

Telephone surveys of 500 households were conducted in 18 selected communities throughout the state, 100 households within the Railbelt stretching from Fairbanks to the Kenai Peninsula, and also

with airport managers, community officials, and other leaders in these communities to evaluate the importance of Alaska's airports to state residents.

The study compared the importance of Alaska's airports to remote airports in other rural, western states. Interviews were made with airport managers and community officials for airports in Idaho, Montana, Oregon and Wyoming, for a comparison of enplanements and freight volumes per capita for the 18 airports in Alaska and the airports in the western U.S. Figures 4 and 5 show that enplanements and air freight loads are much higher per capita in Alaska than for airports in the western U.S. Enplanements for Alaska communities can exceed enplanements of other rural U.S. communities by eight times per person while air freight loads can be more than 39 times higher per person.

EMPLOYMENT

Jobs related to aviation:

- 2,000 jobs** to operate airports statewide, full and part time
- 25,000 jobs** due to on-site business, organizations and agencies
- 20,000 jobs** created due to multiplier effect from aviation jobs
- 47,000 total jobs** attributed to aviation in Alaska in 2007

This represents about **10% of all jobs** in Alaska



"If we didn't have the airport we wouldn't have anything. The airport is a fact of life for living out here in the villages. The airport is our roads, highway, ocean, our lifeline."