

ST GEORGE ISLAND

LOCAL ECONOMIC DEVELOPMENT

Working Paper - Community Profile

May 2019



Photo by D Sikes, CCbySA

Introduction

The community in St. George is hard at work on a local economic development strategy. This Community Profile is part of a series of Working Papers that we will be sharing with you to keep you involved in the conversation. Conversations are two-way; we need your feedback to be sure the path to making St. George strong reflects everyone's values and ideas.

Working Papers are drafts - they are intended to serve as living documents. More than anything, they are meant to provide a starting point for discussion. Please let us know if there is anything else that should be included in the Community Profile.

We want to highlight that there will be future Working Papers that will focus on specific aspects of the economy and start to delve into options and opportunities for the future. This working paper is intended to provide a high-level overview of the present situation.

Your input is needed to bring all of the voices and pieces together into one local economic development strategy. We all want St. George to succeed. Making sure that everyone has a shared understanding of the present context is an important step towards building a healthy and vibrant community.

"Everybody needs to start doing things together."

- Survey respondent



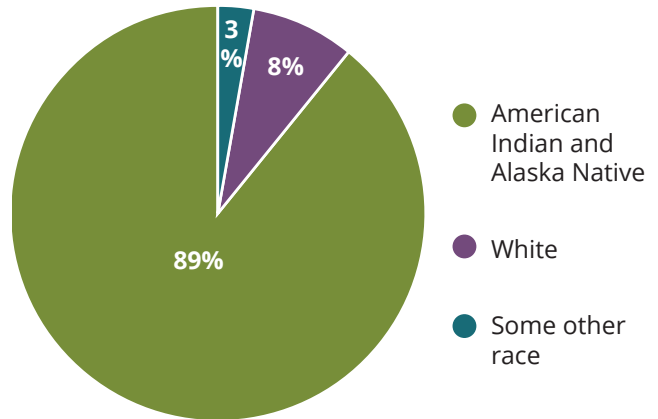
Population

St. George's population has been declining since 2000, with the US Census demonstrating a decrease from 152 to 107 in 2010. In 2017, the American Community Survey listed the population at 85. The unofficial count in 2019 is less than 60.

The median age in St. George is 35, which is slightly higher than the average in Alaska (33.6 years), and slightly lower than the national average (37.7 years).¹ The population is aging slightly, with the median age having risen since 2000 (from 33 years).

The vast majority of the population is American Indian or Alaska Native (89%). Of this total, 96% identify as Aleut, and 4% identify as Inupiat.²

Figure 2: Race/Ethnicity, 2016



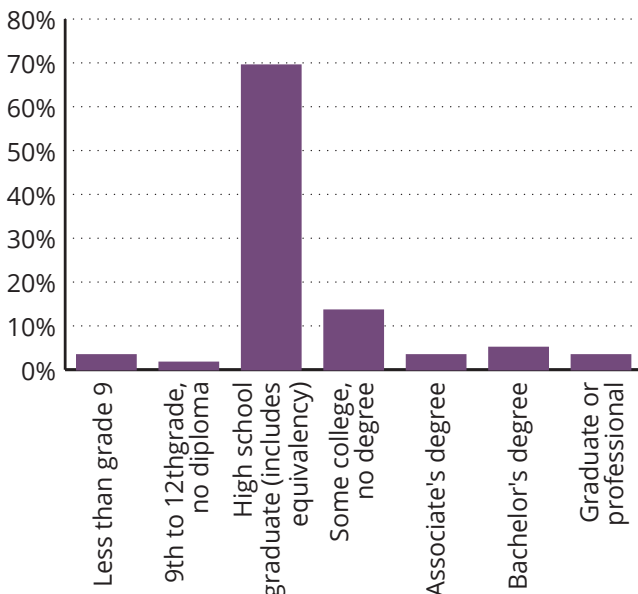
Source: 2012-2016 American Community Survey 5-Year Estimates

Education

EDUCATIONAL ATTAINMENT

The majority of St. George residents (69.5%) are high school graduates, with 25.5% also holding some other form of higher education. Therefore, in total, 95% of St. George residents have a high school education or higher. As a point of comparison, 86% of residents in neighboring St. Paul have a high school education or higher. It should be noted that educational attainment is just one measure and does not reflect the full swath of knowledge and skills possessed by St. George residents.

Figure 3: Educational Attainment, 2016

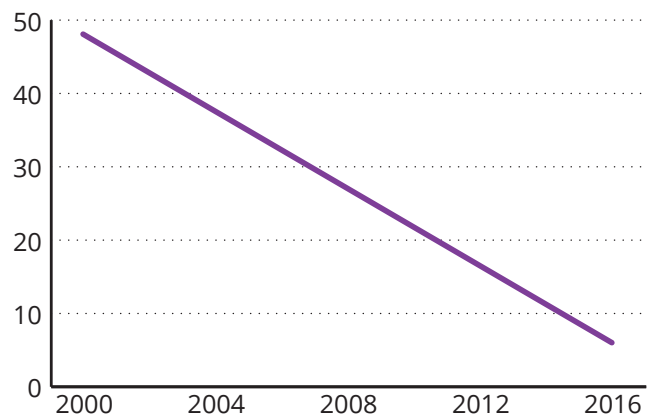


Source: 2012 - 2016 American Community Survey 5-Year Estimates

SCHOOL

The St. George school stopped receiving funding in 2017 after falling below the threshold of 10 students. Six students were enrolled for 2016-17, representing a significant decline from 2000 when 48 students were enrolled.³ They are presently operating with one teacher, eight students, and limited short-term funding.

Figure 4: Student Enrollment, 1998 - 2018



Source: 2012-2016 American Community Survey 5-Year Estimates; 2000 Census

¹ 2012-2016 American Community Survey 5-Year Estimates

² The latter statistic (96%/4%) is sourced from the 2010 Census as recent information is not yet available.

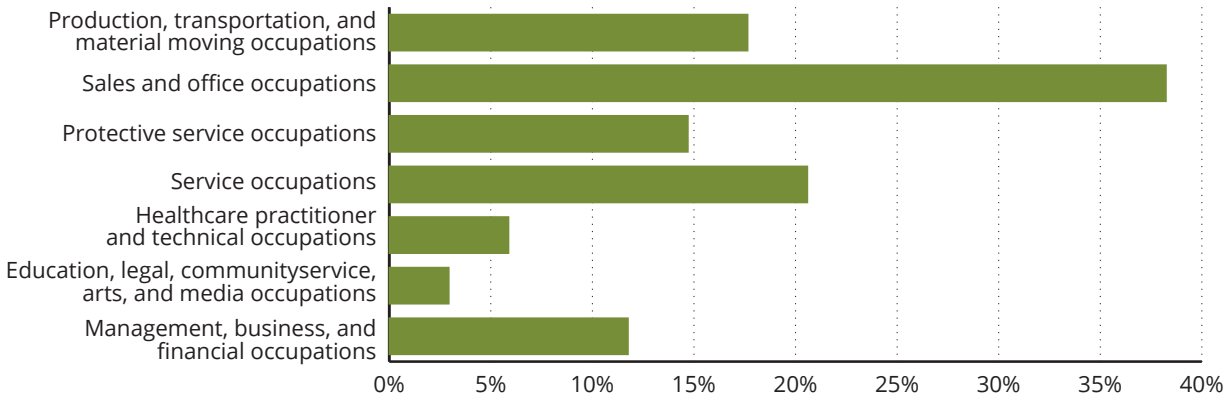
³ As this information is derived from two census dates, the decline is likely not entirely linear. It should also be noted that the Census data differs from the Alaska Department of Education data, which estimates 2000 enrollment at 27. However, the consistent decline in enrollment is reflected in both data sources.

Employment

SECTORS

Sales and office occupations represent the highest area of employment (38.2%), followed by service occupations (20.59%).

Figure 5: Employment by Sector, 2016



Source: 2012 – 2016 American Community Survey 5-Year Estimates

Currently, no St. George residents possess business licenses.

While it is not captured in the American Community Survey Estimates, fishing remains an important aspect of the St. George economy. In 2016, within the context of the Community Development Quota (CDQ) system, six St. George residents used limited entry permits to fish for Halibut (14 permits total are held by St. George residents). However, the same number of permits are yielding lower earnings than they have in the past (\$217,778 in 2016 vs. \$420,000 annually from 2007 through 2010). It is estimated that one resident also possesses an Individual Fishing Quota (approximately 2100lbs).⁴

The reasons for the decline in fishing related revenues are complicated and often compounding. It stems from multiple factors including a decline in halibut biomass, and correspondingly, a decline in CDQ available. There are many organizations working towards improving the fisheries, including APICDA - the CDQ group that represents St. George. A more in-depth discussion on the challenges facing fisheries, the complex regulatory environment, and potential avenues forward will occur in a fisheries specific Working Paper.



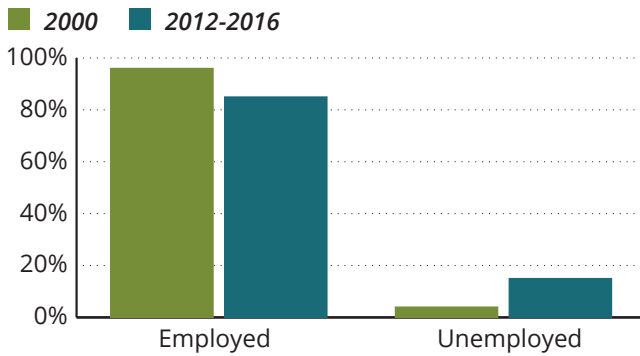
Photo by Emma Forsberg, CCBy

⁴ Aleutian Pribilof Island Community Development Association (2019) Personal Communication.

EMPLOYMENT LEVELS

Of the population over 16 in St. George, a higher percentage is participating in the labor force (81%) compared to 2000 (66%). Within those in the labor force, unemployment grew from 4% in 2000 to 15% from 2012-2016.

Figure 6: Employment Levels, 2000 - 2016



Source: 2010 Census, 2012 - 2016 American Community Survey 5-Year Estimates

INCOME

The Median Household Income in St. George is \$56,250 (from 2012-2016), slightly lower than in neighboring St. Paul (\$60,000).⁵

Amongst those employed, wages have declined 43% from 2001 to 2016. As a point of comparison, the wages in neighboring St. Paul have only declined by 17%.⁶ While St. Paul possesses several distinct economic advantages (e.g., a large processing plant), this comparison demonstrates the degree to which St. George is suffering economically compared to a nearby local economy and points to the possibility of improvement. Other neighboring economies, such as Nelson Lagoon, have actually seen an increase in Median Household Income in recent years.⁷



⁵ 2012 - 2016 American Community Survey 5-Year Estimates

⁶ Colt, Steve. "City of Saint George, Alaska: Economic and Fiscal Profile and Recent Trends." 2018.

⁷ 2013 - 2017 American Community Survey 5-Year Estimates

The City of St. George's Fiscal Situation

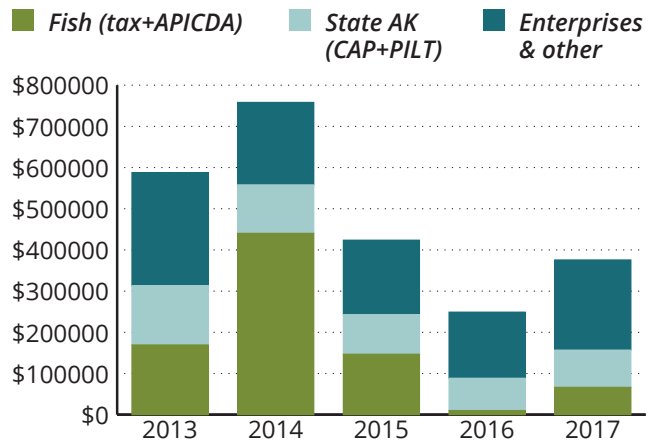
The fiscal health of the City is suffering due to a decline in recurring revenues. On a per capita basis, there has been a 60% decline between 2012 and 2017. The decline of fish-related revenue has been particularly detrimental. This revenue base is comprised of fish taxes, sales tax, fuel transfer tax, and State of Alaska revenue.

There are two key compounding factors: decline in revenue from the City-owned electric utility, and a decline in major infrastructure projects (which have historically improved City finances in addition to providing jobs for City residents).⁸ The decline in the City-owned electric utility creates additional problems for the City in that it no longer has the surplus needed to make necessary upgrades. The impact of the cost of fuel on the City-owned electric utility will be further explored in a quality of life Working Paper.

The City also receives dividends, fuel payments, and back audit supports from APICDA. We do not have sufficient information at present to extend the government revenues figure below to 2018. However, it should be noted that APICDA's contribution to the City in 2018 was approximately \$275,000.00.⁹ There are also forms of financial support that are not captured in government revenues as they are targeted towards the broader community. For example, APICDA contributed \$174,917 in 2016 and \$287,963 in 2017 through expenses related to halibut fishing in St. George.¹⁰ In 2018, APICDA's contribution to the community as a whole totalled \$800,000.00. Beginning this year, APICDA is also providing a grant of \$300,000 that the City, Tribe and/or Village Corporation may apply for.¹¹

We are currently aiming to create a more complete picture of St. George's fiscal situation. This section only focuses on the City. We do not have access to the recurring revenues of either the Tribal Council or the St. George Fishermen's Association. However, we acknowledge that they are important components of the community's overall economic health.

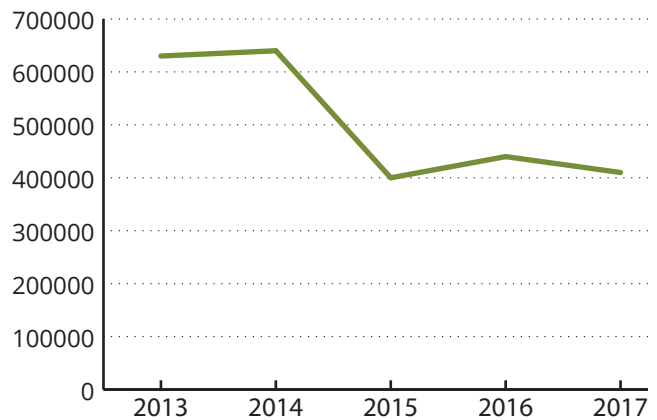
Figure 7: Government Revenues Overview, 2013 - 2017



Source: Colt, Steve. "City of Saint George, Alaska: Economic and Fiscal Profile and Recent Trends." 2018.¹²

As a result of the decline in revenues, the City has made significant cuts to its spending.

Figure 8: City of St. George Expenses by Year



Source: Colt, Steve. "City of Saint George, Alaska: Economic and Fiscal Profile and Recent Trends." 2018.

⁸ Colt, Steve. "City of Saint George, Alaska: Economic and Fiscal Profile and Recent Trends." 2018.

⁹ Aleutian Pribilof Island Community Development Association (2019) Personal Communication.

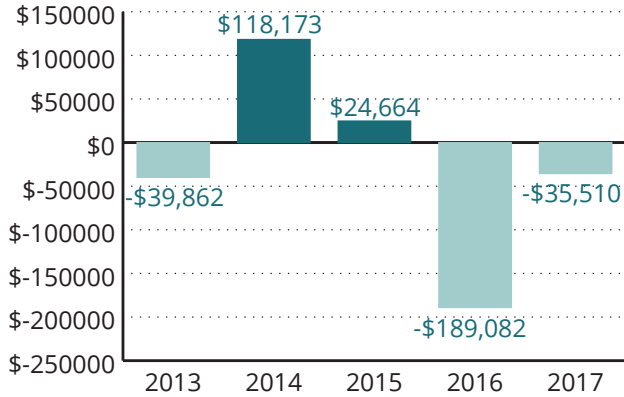
¹⁰ APICDA (2017) Annual Report.

¹¹ April 30, personal communication from the City of St. George.

¹² The numbers in this table are derived from Table 2. General government revenues and expenses. The referenced report further details the different forms of revenue. The calculations are those of the author and based on City financial statements.

Current revenue is not enough to cover core general government functions. At present, the City is often operating with a deficiency. Total expenses have declined from \$627, 525 in 2013 to \$411, 151 in 2017.¹³

Figure 9: City of St. George Fiscal Surpluses and Deficiencies by Year



Source: Colt, Steve. "City of Saint George, Alaska: Economic and Fiscal Profile and Recent Trends." 2018.

A previous estimate suggests that the City government could operate sustainably if fish-related revenues were restored to as little as \$500,000.¹⁴ At present, they are often operating with a deficiency. The same estimate suggests that improved internal reporting, maintaining up-to-date balance sheets, and periodic audits could support the City in seeking outside funding or one-time debt relief. However, the author also stresses that the City has cut expenses to the "absolute minimum."¹⁵

Unfortunately, it is unclear how this revenue could be even partially restored, particularly in the absence of a functional harbor that was previously a key part of infrastructure enabling St. George's fish-related revenues. What do you think is the best way forward? Let us know what you think would help improve the City's fiscal situation.



¹³ Colt, Steve. "City of Saint George, Alaska: Economic and Fiscal Profile and Recent Trends." 2018.
¹⁴ Colt, Steve. "City of Saint George, Alaska: Economic and Fiscal Profile and Recent Trends." 2018.
¹⁵ Ibid.

Historic View

The economic decline in St. George is particularly troubling given the Federal Government's direction to St. George to pursue commercial fishing after stopping the fur seal harvest. The end of the fur seal harvest in 1972 caused a major shift in the St. George economy and way of life. Adjusted for inflation, the cumulative value of the fur seal harvest generated by St. George is approximately \$500 million (from 1871 to 1970). The annual value from 1951 to 1970 was particularly high, averaging approximately \$7.6 million per year.¹⁶ However, St. George residents never shared significantly in the wealth they helped generate (see the History Working Paper for additional detail). This limited benefit flow to St. George from the abundant and lucrative marine resource base surrounding St. George continues today as the economy has shifted focus from fur seals to fisheries.

In 2016, it was estimated that the Bering Sea and Aleutian Islands Region accounts for almost 60% of the wholesale value of Alaska's fishing industry, with \$725 million in labor income and \$2.5 billion in wholesale value. There are 10,400 full-time jobs in the region associated with the fishing industry.¹⁷ In spite of being located in the heart of the Bering Sea, this economic output is not reflected in the fiscal health of St. George's government or in the economic wellbeing of the community as a whole. Fisheries in the Bering Sea are typically rationalized, and subject to several quota management systems. Benefits from the industry are predominantly limited to support from APICDA, the CDQ organization that represents St. George and five other communities. As highlighted above, there are 14 halibut permits held by St. George residents (six of which were in use in 2016).¹⁸ It is estimated that one resident also possesses an Individual Fishing Quota (approximately 2100lbs).¹⁹

A significant reason for the lack of sustainable economic base from Bering Sea fisheries is the lack of the essential infrastructure of a functioning and safe harbor²⁰ – something St. George is aggressively trying to address.



Photo by D. Sikes, CC BY-SA



Photo by Emma Forsberg, CC BY-SA

¹⁶ Colt, Steve. "City of Saint George, Alaska: Economic and Fiscal Profile and Recent Trends." 2018.

¹⁷ "The Economic Value of Alaska's Seafood Industry." The Alaska Seafood Marketing Institute and the McDowell Group. 2017

¹⁸ "Preliminary Draft Feasibility Report - St. George Navigation Improvements." US Army Corps of Engineers. 2018.

¹⁹ Aleutian Pribilof Island Community Development Association (2019) Personal Communication.

²⁰ "St. George." www.apicda.com

Key Partners and Organizations

The following organizations and agencies play key roles in shaping and supporting St. George's economic development:

- *Federal Government of the United States*
- *United States Coast Guard*
- *United States Army Corps of Engineers*
- *National Oceanic and Atmosphere Administration*
- *Government of Alaska*
- *City of St. George*
- *St. George Traditional Council*
- *St. George Tanaq Development Corporation*
- *St. George Fishermen's Association*
- *Aleutian Pribilof Island Community Development Association (APICDA)*
- *Aleutian Pribilof Islands Association*
- *The Aleut Corporation*
- *Aleutian Housing Authority*
- *National Audubon Society*
- *Governments of St. Paul*

Conclusion

There are many people and organizations working hard to build St. George's economy. It is clear current trends are unsustainable and that something needs to change. There may be disagreements about the causes of the problems and the potential solutions. However, what everyone shares is a desire to see St. George succeed. In the next working papers, we will start looking at potential opportunities and solutions as we work towards pulling together recommendations that everyone can get behind.

Is there anything missing from this paper? Is there anything we need to include in later ones? Let us know. This process is meant to ensure that the final plan is owned by the entire community and all of the organizations that support them.



TELL US WHAT'S MISSING!

Go to our online survey: bit.ly/stgeorgesurvey2

STAY A PART OF THE CONVERSATION!

Please contribute, your ideas are needed. Here are some simple ways to participate:

Go to our online survey and give your input about where St. George should go and how we should get there.

► bit.ly/stgeorgesurvey2 ◀

Send an email or contact:

St. George Economic Development Project Team
stgeorgeeconomicdevelopment@gmail.com

Or visit the project website:

www.stgeorgealaska.org

